

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	21 September 2012	AGENDA ITEM NUMBER
TITLE:	REVISED STATEMENT OF INVESTMENT PRINCIPLES	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Statement of Investment Principles Appendices 2 - 6 – Appendices 1- 5 of the SIP: Manager Statements on their SRI Principles Appendix 7 – Appendix 6 of the SIP: Compliance with Myners Principles		

1 THE ISSUE

- 1.1 This report asks the Committee to approve the Fund's revised Statement of Investment Principles (SIP). The SIP sets out the Fund's investment strategy and policies and states how the Fund complies with the Myners Principles for Effective Decision Making.
- 1.2 The SIP was last approved in March 2012. The main developments since then are listed in section 5.1 of this report.

2 RECOMMENDATION

That the Committee:

- 2.1 Approves the revised Statement of Investment Principles**

3 FINANCIAL IMPLICATIONS

- 3.1 The annual budget provides for the training programme and the commissioning of investment and other specialist advice required in order to comply with the Myners Principles.

4 BACKGROUND AND LEGAL FRAMEWORK

- 4.1 The requirement to produce a Statement of Investment Principles is set out in the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2009. These regulations provide that “the written statement must be revised by the administering authority in accordance with any material change in their policy ... and published”.
- 4.2 As part of the SIP, administering authorities are required to state how they comply with the Myners Principles and explain where they do not comply.

5 REVISIONS TO THE SIP

- 5.1 The SIP was last revised in March 2012. Since then the main developments have been:

- (1) Amendment of the statement regarding realisation of investments (section 8)
- (2) Responsible Investing Policy approved in June 2012 (section 9)

- 5.2 The revised SIP can be found in Appendices 1-7 to this report.

- 5.3 The SIP consists of the following:

- (1) The Statement
- (2) Appendices 1-5 of the SIP - are the Socially Responsible Investing statements from the Fund's active investment mandates. Note that Invesco now provide a Responsible Investment Policy statement.
- (3) Appendix 6 of the SIP - the Fund's compliance with the Myners Principles.

- 5.4 The presentational structure of the SIP has been revised to set out the Fund's principles and then explain how this is implemented within the investment strategy. In addition the link between the investment strategy and the funding strategy statement has been made more explicit. The substance of the content, except for that highlighted in 5.1 above, has not changed.

- 5.5 The Committee is asked to approve the revised SIP.

6 RISK MANAGEMENT

- 6.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

7 EQUALITIES

7.1 An equalities impact assessment is not necessary.

8 CONSULTATION

8.1 N/a

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 N/a for information only.

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Liz Feinstein, Investments Manager 01225 395306
Background papers	CIPFA Guidance SIP/Myners Principles