

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE		
MEETING DATE:	21 June 2013	AGENDA ITEM NUMBER	13
TITLE:	REVISED INVESTMENT POLICY STATEMENTS		
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 (not included) Appendix 7 – Appendix 6 of the SIP: Compliance with Myners Principles Appendix 8 – Rebalancing Policy Appendix 9 – Cash Management Policies			

1 THE ISSUE

- 1.1 Following the changes made to the investment strategy a number of policy statements need to be revised in order that they are aligned with the new strategy. This report asks the Committee to approve the revised Statement of Investment Principles (SIP), rebalancing policy and cash management policy.
- 1.2 The SIP is a statutory document that sets out the Fund's investment strategy and policies and states how the Fund complies with the Myners Principles for Effective Decision Making.
- 1.3 The rebalancing and cash management policies ensure the Fund's investment strategy is efficiently implemented.

2 RECOMMENDATION

That the Committee approves:

- 2.1 The Statement of Investment Principles**
- 2.2 The rebalancing policy**
- 2.3 The cash management policy**

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 REPORT

- 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.

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

- (1) Revised investment strategy (section 3)

The revised strategy and asset allocation has been set out in the SIP. However, the actual asset allocation will deviate from the new target allocation until the new strategy is fully implemented during 2013-14.

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

- 4.5 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.

- 4.6 The Fund has explicit rebalancing and cash management policies to ensure efficient management of the Fund's assets within the strategic framework. These policies are being updated to take into account the new strategy and changes to the investment management structure. The policies are set out in Appendices 8 and 9.

- 4.7 The Committee is asked to approve the revised SIP, rebalancing policy and cash management policy.

5 RISK MANAGEMENT

- 5.1 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.

6 EQUALITIES

6.1 An equalities impact assessment is not necessary.

7 CONSULTATION

7.1 N/a

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 N/a.

9 ADVICE SOUGHT

9.1 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.

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Background papers	CIPFA Guidance SIP/Myners Principles