

Bath & North East Somerset Council			
MEETING:	LOCAL PENSION BOARD		AGENDA ITEM NUMBER
MEETING DATE:	23 May 2017		
TITLE:	INVESTMENT STRATEGY STATEMENT - UPDATE		
WARD:	'ALL'		
AN OPEN PUBLIC ITEM			
List of attachments to this report:			
Appendix 1 – Investment Strategy Statement			
Appendix 2 – Response to Pensions Board comments			
Appendix 3 – Investment Strategy Statement: Compliance Checklist			

1 THE ISSUE

- 1.1 The revised investment regulations, the Local Government Pension Scheme (Investment and Management of Funds) Regulations 2016 came into effect from 1 November 2016. Regulation 7 requires all administering authorities to put in place an Investment Strategy Statement by 1 April 2017. There is also guidance accompanying the Regulations.
- 1.2 The new Investment Strategy Statement (ISS) replaces the requirement for the Fund to publish a Statement of Investment Principles.
- 1.3 The ISS must be consistent with the Funding Strategy Statement to ensure that there will be sufficient funds to meet the pension benefit payments as they fall due over time.
- 1.4 The regulations state that the ISS must be kept under review and revised from time to time particularly when there is a material change in risk, and reviewed at least every three years. They require the Pensions Board to be consulted.

2 RECOMMENDATION

That the Pension Board:

- 2.1 Notes the Investment Strategy Statement**
- 2.2 Notes the response of the Pension Committee to comments from the Pension Board regarding the Investment Strategy Statement, and the plans for future updates**
- 2.3 Notes the assessment of current compliance of the Investment Strategy Statement with the regulations**

3 FINANCIAL IMPLICATIONS

- 3.1 The administrative and management costs incurred by the Avon Pension Fund are recovered from the employing bodies through the employers' contribution rates.
- 3.2 There is provision in the 2017/18 budget for the investment advisors to review the Investment Strategy Statement where appropriate.

4 INVESTMENT STRATEGY STATEMENT AND RESPONSE TO PENSION BOARD CONSULTATION

- 4.1 This is the first Investment Strategy Statement (ISS) (see Appendix 1) and it replaces the Statement of Investment Principles. It was agreed by Pension Committee on 24 March 2017 and is publically available on the Fund's website.
- 4.2 The Pension Board provided comments to the Pension Committee on the draft ISS. Appendix 2 summarises these comments with the Fund's responses which were considered by the Committee when approving the ISS. The document identifies actions to respond to the majority of comments and explains where an action is not considered necessary. Responses underlined are those which were adopted in the final version of the ISS with the remaining responses noted to be made in future updates of the ISS particularly once the new Investment Strategy has been agreed in July. The Committee agreed with the responses as listed in Appendix 2.
- 4.3 The ISS will be revised following the Strategic Review to be undertaken in 2017 and then reviewed regularly during the transition of assets to Brunel Pensions Partnership and at least annually by the Committee (as was the SIP).
- 4.4 The process for agreeing statutory documents is that draft statements are presented to the Committee where key stakeholders are fully represented followed by a consultation period (with appropriate timescale) with the LPB and if required, with other stakeholders, before final publication in the public domain.
- 4.5 Appendix 3 provides a checklist assessing compliance with the regulations with additional explanation where required.

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 Pension Board were asked to comment.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 For noting only.

9 ADVICE SOUGHT

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

Contact persons	Matt Betts, Assistant Investments Manager (01225 395420)
Background papers	Guidance on Preparing and Maintaining an Investment Strategy Statement - https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement