

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	8 DECEMBER 2017	AGENDA ITEM NUMBER
TITLE:	INVESTMENT PANEL ACTIVITY	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Minutes from Investment Panel meeting held 13 November 2017 EXEMPT Appendix 2 – Exempt Minutes from Investment Panel meeting held 13 November 2017		

1 THE ISSUE

- 1.1 The Investment Panel is responsible for addressing investment issues including the investment management arrangements and the performance of the investment managers. The Panel has delegated responsibilities from the Committee and may also make recommendations to Committee. This report informs Committee of decisions made by the Panel and any recommendations.
- 1.2 The Panel has held one formal meeting since the September 2017 committee meeting, on 13 November 2017. The draft minutes of this meeting provides a record of the Panel's debate before reaching any decisions or recommendations and can be found in Appendix 1 and Exempt Appendix 2.
- 1.3 The recommendations and decisions arising from the meeting are set out in paragraph 4.2, 4.3 and 4.4.

2 RECOMMENDATION

That the Committee:

- 2.1 Notes the decisions as summarised in paragraph 4.2, 4.3 and 4.4**
- 2.2 Notes the minutes of the Investment Panel meeting on 13 November 2017 at Appendix 1 and Exempt Appendix 2.**

3 FINANCIAL IMPLICATIONS

- 3.1 In general the financial impact of decisions made by the Panel will have been provided for in the budget or separately approved by the Committee when authorising the Panel to make the decision.
- 3.2 There are transactional costs involved in appointing and terminating managers. Where these arise from a strategic review allowance will be made in the budget. Unplanned changes in the investment manager structure may give rise to transition costs which will not be allowed for in the budget.

4 RECOMMENDATIONS AND DECISIONS

- 4.1 The following decisions and recommendations were made by the Panel at the Investment Panel meeting on 13 November 2017:

4.2 Equity Risk Management Structure

Committee delegated the agreement of an appropriate equity risk management strategy to the Investment Panel. Subsequently, Panel delegated the implementation of the equity risk strategy to Officers in consultation with Investment Consultant.

At the 13 November Panel meeting, Panel members were asked to note the final implementation details of the equity risk strategy, details of which are included in the exempt minutes in the Appendices.

4.3 Collateral Management Policy

The Panel considered a report from Mercer setting out a two tier collateral monitoring system and the plan for using assets in the event more collateral is required.

Panel members agreed the recommendations put forward under the Collateral Management Policy.

Further detail is provided in the exempt minutes in the Appendices.

4.4 Risk Management Framework Monitoring

The Panel considered the content and format of the quarterly report (to Panel) for monitoring the liability and equity protection strategies, the adequacy of the collateral level and any actions needed/implemented to ensure there is sufficient collateral to support the strategies.

Panel members agreed the recommendations put forward under the Risk Management Framework Monitoring report, which are contained in the minutes in the Appendices.

5 INVESTMENT PANEL DELEGATION

- 5.1 The activity was undertaken under in line with the delegation set out in the Fund's Terms of Reference approved in May 2015:

The Investment Panel will:

- 1. Review strategic and emerging opportunities outside the strategic asset allocation and make recommendations to the Committee.*
- 2. Review the Statement of Investment Principles and submit to Committee for approval.*

3. *Report regularly to Committee on the performance of investments and matters of strategic importance*

and have delegated authority to:

4. *Approve and monitor tactical positions within strategic allocation ranges.*

5. *Approve investments in emerging opportunities within strategic allocations.*

6. *Implement investment management arrangements in line with strategic policy, including the setting of mandate parameters and the appointment of managers.*

7. *Approve amendments to investment mandates within existing return and risk parameters.*

8. *Monitor investment managers' investment performance and make decision to terminate mandates on performance grounds.*

9. *Delegate specific decisions to Officers as appropriate.*

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. An Investment Panel has been established to consider in greater detail investment performance and related matters, and to carry out responsibilities delegated by the Committee.

6.2 A key risk to the Fund is that the investments fail to generate the returns required to meet the Fund's future liabilities. This risk is managed via the Asset Liability Study which determines the appropriate risk adjusted return profile (or strategic benchmark) for the Fund.

7 EQUALITIES

7.1 An equalities impact assessment is not necessary as the report is primarily for information only.

8 CONSULTATION

8.1 This report is primarily for information and therefore consultation is not necessary.

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 The issues to consider are contained in the report.

10 ADVICE SOUGHT

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

Contact person	Nathan Rollinson, Assistant Investments Manager (Tel: 01225 395357)
Background papers	
Please contact the report author if you need to access this report in an alternative format	