

## Bath & North East Somerset Council

MEETING:	<b>AVON PENSION FUND COMMITTEE</b>	
MEETING DATE:	<b>23 MARCH 2018</b>	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>INVESTMENT PANEL ACTIVITY</b>	
WARD:	<b>ALL</b>	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report: Appendix 1 – Minutes from Investment Panel meeting held 21 February 2018 EXEMPT Appendix 2 – Exempt Minutes from Investment Panel meeting held 21 February 2018 EXEMPT Appendix 3 – Summaries of Investment Panel meetings with Managers		

### **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 December 2017 committee meeting, on 21 February 2018. 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 Panel also held a Meet the Managers Workshop on 21 February 2018, a summary of the meetings is at Exempt Appendix 3.
- 1.4 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 21 February 2018 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 21 February 2018:

#### **4.2 Long Lease Property**

Committee resolved to explore opportunities in Long Lease Property following the July 2017 strategic review.

At the 21 February Panel meeting, Panel members were asked to agree an implementation plan in light of the fact Brunel has an operational private markets team that specialise in selection and appointment of such mandates. Further detail on the appointment of a Long Lease Property Manager are included in the exempt minutes in the Appendices.

#### **4.3 Renewable Infrastructure**

Resolved to explore further with Brunel in 2Q 18.

#### **4.4 Sustainable Equities Allocation**

The Panel considered an opportunity to broaden its SRI mandate to a global sustainable mandate by seeding a newly launched fund.

Panel members agreed the recommendations put forward subject to appropriate assurances being received from the Fund's investment advisor. Details are contained in the exempt 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.

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<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	