

Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	23 MARCH 2018	AGENDA ITEM NUMBER
TITLE:	Committee Delegations	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1- Terms of Reference (approved March 2017)		

1 THE ISSUE

- 1.1 The Terms of Reference set out the duties and responsibilities of the Committee, Investment Panel and Officers.
- 1.2 During the transition of assets to Brunel, there may be instances whereby implementation decisions have to be made in a timely manner that does not fit in with the formal Investment Panel meeting cycle. This is particularly relevant to investments in private market assets. Therefore, delegations need to be given to Officers to ensure the investment strategy can be implemented by Brunel and the Terms of Reference be amended.

2 RECOMMENDATION

That the Committee:

- 2.1 **Agrees the amendment to the Terms of Reference as set out in 4.6 and 4.7.**

3 FINANCIAL IMPLICATIONS

- 3.1 The investment management fees and advisory costs for all mandates and asset allocation changes have been provided for in the 2017/18 budget and outstanding actions will be provided in the 2018/19 budget.

4 REPORT

- 4.1 The Investment Panel has delegated authority to implement the strategic asset allocation under its Terms of Reference as follows:

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.”

- 4.2 Over the next two years the Fund will be transitioning its assets to Brunel's portfolios. However, ahead of the asset transition, Brunel will begin managing new allocations to private market portfolios such as private real estate, long lease property and infrastructure as well as reinvesting distributions that the client funds receive from existing private market assets.
- 4.3 During this transition period, the Fund will be continuing to implement revisions to its investment strategy through allocations to Renewables and Long Lease Property. Brunel will manage all new allocations to private markets and distributions from private market allocations as soon as it is authorised, as like Avon a number of the funds within the pool have allocations to make to private markets and Brunel is actively researching opportunities. Access to private markets is largely through capital raisings for new closed ended funds (when they require capital for new projects) and as a result investors have to make decisions alongside the capital raising timeline which may not be accommodated within the Investment Panel meeting cycle.
- 4.4 For each opportunity Mercer will provide assurance as to the suitability of the investment (that it meets the requirements of Avon's investment strategy). Mercer will provide similar assurance when the assets transition to Brunel portfolios,
- 4.5 Therefore, to ensure the Fund is able to participate in investment opportunities in line with its investment strategy in a timely manner, it is recommended that authority is delegated to Officers in conjunction with the Investment Panel as follows to make decisions on behalf of the Fund. It is anticipated that this will only be needed for private market investments.
- 4.6 The following amendments should be made to Section 3 of the Terms of Reference (TOR) of the Avon Pension Fund Committee concerning officer delegations (#2 and 3 below are new delegations); (see Appendix 1 for current TOR):

Officers are responsible for:

1. Day to day implementation and monitoring of the investment, administration, funding strategies and related policies.

2. Approve investments in emerging opportunities within strategic allocations in consultation with the Investment Panel.

3. Implement investment management arrangements in line with strategic policy, including the setting of mandate parameters and the appointment of managers, in consultation with the Investment Panel.

4. Appointment of specialist advisors to support the Committee in discharging it functions.

5. The Section 151 Officer has authority to dismiss investment managers, advisors and 3rd party providers if urgent action is required (does not refer to performance failures but to their inability to fulfil their contractual obligations or a material failing of the company).

6. The Section 151 Officer has authority to suspend policy (in consultation with the Chairs of Committee and Panel) in times of extreme market volatility where protection of capital is paramount

7. Under its wider delegated powers, the Section 151 Officer has delegated authority to effectively manage the liabilities of the Fund including the recovery of debt.

8. Exercising the discretions specified in the Local Government Pension Scheme Regulations in connection with deciding entitlement to pension benefits or the award or distribution thereof.

9. Through delegations from Council, the S151 Officer has authority to progress the development of Brunel Pension Partnership pool.

4.7 As a result delegations 5 and 6 for the Investment Panel will be removed from the current Terms of Reference.

4.8 The Terms of Reference will be reviewed in June once Brunel is FCA authorised.

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. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

6 EQUALITIES

10.1 An equalities impact assessment is not necessary.

7 CONSULTATION

7.1 N/a

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 Contained in report.

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal and 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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Background papers	
Please contact the report author if you need to access this report in an alternative format	