

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	28 JUNE 2021	AGENDA ITEM NUMBER
TITLE:	INVESTMENT PANEL ACTIVITY	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Draft Minutes from Investment Panel meeting held 28 May		

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's last formal meeting was held on 28 May 2021. The draft minutes of this meeting provide a record of the Panel's debate before reaching any decisions or recommendations.

2 RECOMMENDATION

- 2.1 Notes the information summarised in paragraph 4.1 and 4.2
- 2.2 Notes the draft minutes of the Investment Panel meeting on 28 May at Appendix 1.

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 Governance of Risk Management Strategies: Details of the discussion on the proposed changes to the Investment Panel and Committee Terms of Reference, including the proposal for a dedicated Funding and Risk Management Group are covered in Agenda Item 9.

4.2 Legacy Portfolio Plan: The Panel was informed of the plan to manage down the legacy assets, which are largely illiquid in nature. For the legacy portfolios where Brunel do not currently have a like-for-like product, suitability advice will be sought from Mercer to ensure strategic objectives are met from any allocation made to Brunel portfolios. Officers will report back to Panel annually on progress made in winding down the legacy portfolios.

5 INVESTMENT PANEL DELEGATION

5.1 The activity was undertaken under the delegation set out in the Fund's Terms of Reference:

The Investment Panel will:

1. *Review strategic and emerging opportunities outside the strategic asset allocation and make recommendations to the Committee.*
2. *Review the performance of the investment and risk management strategies*
3. *Report matter of strategic importance to the Committee*

and have delegated authority for:

4. *Monitoring the transition of assets to the Brunel portfolios and allocate assets to the relevant portfolio offered by Brunel.*
5. *Approve and monitor tactical positions within strategic allocation ranges.*
6. *Approve allocations to emerging opportunities within strategic allocations.*
7. *Approve commitments to Brunel's private market portfolios at each commitment cycle to maintain strategic allocations.*
8. *For Risk Management strategies, monitor the implementation of the structures, consider strategies for restructuring and monitor collateral requirements.*
9. *For assets held outside Brunel:*
 - a) *Implement investment management arrangements in line with strategic policy*
 - b) *Monitor investment managers' investment performance and make decision to terminate mandates on performance grounds.*
10. *Monitor the investment performance of the portfolios managed by BPP Ltd and report to Committee on investment matters with specific reference to strategy delivery.*
11. *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 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 CLIMATE CHANGE

8.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council’s Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and addresses this through its strategic asset allocation to Low Carbon and Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

9 OTHER OPTIONS CONSIDERED

9.1 None.

10 CONSULTATION

10.1 The Council’s Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

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Background papers	None
Please contact the report author if you need to access this report in an alternative format	