

REPORT FOR: Pension Fund Committee

Date of Meeting: 25 November 2015

Subject: Statement of Investment Principles

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix I: Statement of Investment Principles

Section 1 – Summary and Recommendation

Summary

The Committee is requested to consider a draft revised Statement of Investment Principles and, subject to their comments, approve it.

Recommendation

That, subject to their comments, the Committee approve the revised Statement of Investment Principles.

Section 2 – Report

1. A Statement of Investment Principles is required for the Fund by The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. It outlines the principles and policies followed by the Committee in the management of the Fund's investments.
2. The Committee last reviewed the Statement at its meetings of 23 September 2014 and 26 November 2014. This is the Statement under which the Fund investments have been managed since that time and is included in the Annual Report for 2014-15.
3. It is a requirement that the Statement be reviewed periodically and certainly when strategic changes have been made to investment policies. Since the Statement was last reviewed no significant external developments have taken place but elsewhere on the agenda the Committee is invited to consider a report on environmental, social and governance issues and to agree a new paragraph 10.1 as follows:

The Council recognizes that it has a paramount duty to seek to obtain the best possible return on the Fund's investments taking into account a properly considered level of risk. As a general principle it considers that the long-term financial performance of a company in which it invests is likely to be enhanced if it follows good practice in its environmental, social and governance activities.

All the Fund's investments are managed by external fund managers in pooled funds, one of which is passively managed, and the Council recognises the constraints inherent in this policy. Nevertheless it expects its managers, acting in the best financial interests of the Fund, to consider, amongst other factors, the effects of environmental, social and other issues on the performance of companies in which it invests. The Council expects its managers to have signed up to "The UK Stewardship Code" and to report regularly on their compliance with the Code and other relevant environmental, social and governance principles.

4. This revised paragraph is included in the draft Statement and, if necessary, will be amended as required by the Committee.
5. The attached draft includes some drafting changes.
6. Subject to their comments, the Committee are asked to approve the revised Statement of Investment Principles

Financial Implications

7. There are no financial implications arising from this report.

Risk Management Implications

- 8.. All of the Fund's investment activities are recognized in the Pension Fund risk register.

Equalities implications

9. Investments taking into account environmental, governance and particularly social issues have considerable equalities implications but none arise directly from this report.

Council Priorities

10. Whilst the financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities there are no impacts arising directly from this report.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 16 November 2015		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 16 November 2015		

Ward Councillors notified:	Not applicable
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Section 4 - Contact Details

Contact: Ian Talbot, Treasury and Pension Fund Manager
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Background Papers - None