

SURREY COUNTY COUNCIL

PENSION FUND BOARD

DATE: 31 MAY 2013

LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER

SUBJECT: REVISED STATEMENT OF INVESTMENT PRINCIPLES



SUMMARY OF ISSUE:

With the introduction of a new Total Return investment asset class earlier in 2013, it is now necessary to approve a revised Statement of Investment Principles (SIP).

RECOMMENDATIONS:

It is recommended that:

- 1 The Pension Fund Board approve the revised Statement of Investment Principles shown in Annex 1.

REASON FOR RECOMMENDATIONS:

The Pension Fund Board must approve all working documents produced for the Pension Fund.

DETAILS:

Background

- 1 In accordance with Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, as an administering authority, the Council must prepare and maintain a written statement of the principles governing its decisions about the investment of fund money. It also has to review the policy from time to time and revise it if it considers necessary following such a review, as is recommended here in the light of changed circumstances.
- 2 Members will recall the introduction of Total Return to the Pension Fund Investment portfolio earlier in 2013 in exchange for 50% of the UK Gilt portfolio, necessitating a revision to the statement.

Revised Statement

- 3 The revised Statement of Investment Principles (SIP) is shown as Annex 1.

Ethical Considerations

- 4 Members are invited to scrutinise Paragraph 10 of the statement which deals with the Fund's refined approach to stewardship and responsible investment. The statement requires fund managers to take into account environmental, social and governance (ESG) and other reputational issues that could bring investment decisions into the public arena.
- 5 The revised statement makes clear that whilst the Fund has no specific policy on ESG issues, external fund managers can bring in ESG considerations into play in their selection process where comparisons of the differences of predicted returns of potential investment decisions are deemed immaterial.

Monitoring and Review

- 6 Members are invited to discuss the redraft and put forward any suggestions for additions or amendments.
- 7 The SIP is kept under constant review and will be brought for approval to future Board meetings when any revision is required.

CONSULTATION:

- 8 The Chairman elect of the Pension Fund has been consulted on the proposed change and has offered full support for the proposals.

RISK MANAGEMENT AND IMPLICATIONS:

- 9 There are no risk related issues contained within the report's proposals.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- 10 There are no financial and value for money implications.

CHIEF FINANCE OFFICER COMMENTARY

- 11 The Chief Finance Officer is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed and that the proposed SIP offers a clear structure, reflecting the current investment strategies approved by the Pension Fund Board.

LEGAL IMPLICATIONS – MONITORING OFFICER

- 12 There are no legal implications or legislative requirements associated with this report.

EQUALITIES AND DIVERSITY

- 13 The approval of the SIP will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

OTHER IMPLICATIONS

- 14 There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

15 The following next steps are planned:

- Adoption of the revised SIP
 - SIP is kept under review
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Contact Officer:

Phil Triggs, Strategic Finance Manager (Pension Fund and Treasury)

Consulted:

Pension Fund Board Chairman

Annexes:

Revised Statement of Investment Principles

Sources/background papers:

None

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