

GOVERNANCE ISSUES INCLUDING AN UPDATE TO THE STATEMENT OF INVESTMENT PRINCIPLES

Contact Officers

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Papers with this report

Appendix A: Revised Statement of Investment Principles

SUMMARY

This report is to provide an update on Pension Fund Governance issues; to recommend an update to the Statement of Investment Principles (SoIP); and to inform members on training opportunities.

RECOMMENDATIONS

- 1. That Committee approve the revised Statement of Investment Principles**

INFORMATION

Revision to the Statement of Investment Principles

In June 2009 a report was presented to Committee to explain the changes to the Myners principles and the SoIP was updated to mention that these principles would be adopted at some point. The original 10 principles have now been removed from the SoIP and the new 6 included. The SoIP must also include details of the Fund's compliance with these principles. At this stage this has been done against the headline principles only.

However, the 6 new principles have been subdivided into a further 92 issues, covering the broad range of investment decision making and disclosure. Whilst we can claim broad compliance with the overall aim of the main principles, we will need to undertake a detailed review of the sub issues to provide a detailed compliance report. This review will be undertaken during the next financial year and regular update reports will be brought to committee. At this stage, the updated SoIP only details compliance against the headline principles.

On the 1st January 2010 the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 came into force. The updated regulations have necessitated a number of amendments to the SoIP including investment limits, stock lending, and additional information regarding risk and compliance.

Changes to the investment strategy have also impacted the SoIP and include; amendments to fund managers, asset classes, benchmark details, performance targets and fee structures.

The updated SoIP with changes highlighted is attached at Appendix A.

Future Member Training and Development Events

DATE	EVENT	LOCATION	RSVP By
16 June	Alliance Bernstein Global Research Symposium	Great Russell Street London WC1	ASAP
16 June	NAPF Hot Topics Seminar	Cheapside London EC2V	ASAP
25 June	GSAM Local Authority Conference	Somerset House London WC2R	ASAP
8 - 10 September	LGC Local Authority Pensions Summit	Celtic Manor, Newport, South Wales	TBC

FINANCIAL IMPLICATIONS

Direct Financial implications arising from the report on the SoIP are the ongoing cost of member training. This cost will vary annually depending on the level of training required.

LEGAL IMPLICATIONS

The SoIP report complies with regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 which came into force on 1st January 2010.