

CAMBRIDGESHIREPENSION FUND



Pension Fund Board

Date: 20 January 2016

Report by: Head of Pensions

Subject:	Statement of Investment Principles
Purpose of the Report	To present the Statement of Investment Principles July 2015 to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to review the Statement of Investment Principles July 2015 and make recommendations to the Pension Committee where appropriate.
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1. Background

- 1.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 requires every administering authority to prepare, maintain and publish a written statement of the principles governing its decisions about the investment of Fund money, the Statement of Investment Principles (SIP).
- 1.2 The Regulations also prescribe the policies that need to be disclosed in the SIP and the obligation to review, and if necessary, revise, the SIP from time to time and within six months of any material change in the policies.
- 1.3 The SIP is also required to be published in full in the Fund's Annual Report and Statement of Accounts under the guidance published by CIPFA for the purposes of the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme Regulations 2013.

2. Review of the Statement of Investment Principles

- 2.1 The SIP has been reviewed twice during 2015.
- 2.2 The SIP was first reviewed, updated and approved by the Pension Committee (previously referred to as the Pension Board) on 19 March 2015 following a recommendation for approval made by the Investment Sub-Committee on the 19 February 2015.

2.3 The amendments made to the previous version of the SIP which was effective from July 2013 were as follows;

Section amended	Detail
Section D: Balance between different types of investment	The inclusion of the acceptable variation of tolerances around the strategic asset allocation for each class of asset (as required by auditors).
Section E: Responsible Investment Policy	Reflects recent recommendations by the Law Commission on the duties of pension funds' trustees when setting investment strategies with regard to Responsible Investment. This replaces previous language referring to (unspecified) legal rulings.
Appendix A: Fund Managers and Mandates (February 2015)	An additional appendix that reports the revised Investment Strategy agreed at the Pension Fund Board (as it was then known) in December 2014.
Appendix C: Key risks and controls	This section has been rationalised to remove risks pertinent to liabilities or the scheme as a whole and not investments.
Appendix E: Compliance with the Myners Principles	New appendix added in line with recent guidance.

2.4 The SIP was reviewed, updated and approved by the Pension Committee again on 30 July 2015 incorporating the following changes;

Section amended	Detail
Appendix A: Fund Managers and Mandates (July 2015)	Replaced Newton with JO Hambro to reflect the termination of Newton as an investment manager of the Fund by the Investment Sub-Committee. The allocation and benchmark (indices) were also amended to reflect the change in investment manager.
	Replaced Amundi with Dodge & Cox to reflect the termination of Amundi as an investment manager of the Fund by the Investment Sub-Committee. The allocation and benchmark (indices) were also amended to reflect the change in investment manager.
	Replaced Schroders regional allocation with Dodge & Cox to reflect the termination of the global aspect of the multi-asset mandate with Schroders. The allocation and benchmarking (indices) were also amended to reflect the change in investment manager.
Appendix B: Performance Targets	This section was revised to reflect the changes investment managers. JO Hambro replaced Newton and Dodge & Cox replaced Amundi in this section.

2.5 At the Pension Committee meeting of 30 July 2015, a recommendation was put forward and agreed that the Head of Pensions may, in future, agree minor administrative changes to the Statement of Investment Principles as and when required and notify the Pension Committee of the changes made.

- 2.6 The Statement of Investment Principles July 2015 is attached in Appendix 1 which the Pension Fund Board is asked to review and provide any comments for the Pension Committee to consider.

3. Relevant Pension Fund Objectives

Perspective	Outcome
Governance	<ul style="list-style-type: none">To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.
Funding and Investment	<ul style="list-style-type: none">To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions.To ensure that sufficient resources are available to meet all liabilities as they fall due.To maximise the returns from its investments within reasonable risk parameters.

4. Finance & Resources Implications

- 4.1 Not applicable.

5. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with this report.		

- b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
There are no risks associated with this report.	

6. Communication Implications

- 6.1 Not applicable.

7. Legal Implications

- 7.1 Not applicable.

8. Consultation with Key Advisers

8.1 Not applicable.

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 – Statement of Investment Principles – July 2015

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Not applicable
Has this report been cleared by Head of Pensions?	Mark Whitby – 04/01/2016
Has this report been cleared by Legal Services?	Not applicable