

WIRRAL COUNCIL

PENSIONS COMMITTEE

19 NOVEMBER 2013

SUBJECT:	STATEMENT OF INVESTMENT PRINCIPLES
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present Members with a draft updated Statement of Investment Principles (SIP), request that Members note the changes from the previous SIP and approve the revised document.
- 1.2 Members are asked to consider a project for a review of the Fund's approach to Responsible Ownership.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Fund last approved a SIP at its meeting on 20 November 2012.
- 2.2 The SIP describes the high-level principles governing the investment decision-making and management of Merseyside Pension Fund (MPF) and the policy that has been developed to ensure their implementation. It has been prepared, in line with guidance received from the Secretary of State for Communities and Local Government, with reference to the Chartered Institute of Public Finance & Accountancy (CIPFA) Pensions Panel publication, 'Principles for Investment Decision Making and Disclosure in the LGPS in the United Kingdom 2009 – A Guide to the Application of the 2008 Myners Principles to the Management of LGPS Funds'.
- 2.3 Following the actuarial valuation and subsequent changes to asset allocation, there is a requirement to review the SIP and the FSS and other related documents. A draft copy of the revised document is attached as appendix 1.
- 2.4 The main changes are as follows. *(In italics in the document)*
 - Changes to effective decision making section to reflect changes in Wirral's constitution and management structure.
 - Changes to the Asset allocation as reported elsewhere at this Committee including changes to the paragraph on tactical asset allocation to reflect the introduction of the medium term asset allocation framework.

- Changes to the clear objectives section to include approach of internal team to making investments.
- Changes to the risk section to reflect the introduction of the medium term asset allocation framework.
- There has also been some editing of typographical errors and cross references.

2.5 A project is proposed for a more comprehensive and fundamental review of Responsible Ownership section within the SIP. This follows concerns over Fund investments in particular stocks and sectors. The Fund principally has followed a strategy of engagement; this project will look at the potential strategies of positive and negative engagement. Appendix 2 to this report covers this in more detail. Members are asked to consider approval of this project.

3.0 RELEVANT RISKS

3.1 The SIP alongside the Funding Strategy Statement is a document which, amongst other content, sets out the Fund's approach to managing key strategic risks.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report.

5.0 CONSULTATION

5.1 Not relevant for this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising directly from the proposed changes to the SIP. There could be some costs arising from the proposed project in appendix 2 although the impact this financial year would be limited and could be met from existing resources. Costs for next year would be built into the budget.

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications arising from this report.

12.0 RECOMMENDATIONS

12.1 That the Pensions Committee approves the revised Statement of Investment Principles which is attached as an appendix to this report. (The document will not be published until other relevant cross referenced documents have been approved).

12.2 Pensions Committee considers approval of the project set out in Appendix 2 to make a fundamental review of the approach of the Fund to Responsible Ownership.

13.0 REASONS FOR RECOMMENDATIONS

13.1 The approval of the SIP by Pensions Committee forms a key part of setting the strategy and governance arrangements for the Fund's Investments.

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APPENDICES

1. The revised Statement of Investment Principles is attached as an appendix to this report.
2. The proposed project for a fundamental review of MPF's approach to Responsible Ownership is attached as an appendix to this report.

REFERENCE MATERIAL

Internal working papers and Regulatory guidelines.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
STATEMENT OF INVESTMENT PRINCIPLES	20 NOVEMBER 2012
STATEMENT OF INVESTMENT PRINCIPLES	16 NOVEMBER 2010
PENSIONS COMMITTEE REVIEW OF UPDATED MYNERS PRINCIPLES & REVISED STATEMENT OF INVESTMENT PRINCIPLES	23 MARCH 2010

