

COMMITTEE: Pensions Committee	DATE: 17 September 2014	CLASSIFICATION: Unrestricted	REPORT NO
REPORT OF: Acting Corporate Director of Resources ORIGINATING OFFICER(S): Investment Panel		TITLE: Disbandment of Pension Fund Investment Panel Ward(s) affected: N/A	

1. SUMMARY

- 1.1. This report informs Members of the current arrangements for the provision of investment advice to this Committee. It recommends that investment advice is provided direct to the Pensions Committee without the need for a separate Investment Panel.
- 1.2. If Members approve this change, the functions of the Investment Panel will be fully incorporated with the Pensions Committee and will be covered at one meeting instead of two.

2. RECOMMENDATIONS

Members are recommended to

- 2.1 To disband the Investment Panel.
- 2.2 To delegate to the Acting Corporate Director of Resources the task of providing quarterly updates on performance and key issues arising out of the quarterly review in a written briefing to Members of the Pensions Committee.

3. BACKGROUND

- 3.1 The Pension Fund Regulations require the Council to establish arrangements for monitoring the investment activities of the professional fund managers and ensuring that proper advice is available on investment issues.
- 3.2 This role is currently undertaken by the Investment Panel which has the same composition of members as this committee and in essence there is, duplicity of function, hence the preposition to disband the Investment Panel.

4. THE REGULATIONS

- 4.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 require Councils to invest pension fund cash, which is not immediately required to pay pensions.
- 4.2 The Regulations require that Councils when undertaking such investment take proper advice at reasonable intervals and consider the need for diversification of investments.
- 4.3 The Regulations enable Councils to appoint one or more investment managers but in these circumstances are required: -
 - To take proper advice

- To consider at least every three months the investments undertaken by the manager.
- To periodically review the managers appointment
- 4.4 To satisfy the requirement to obtain proper advice the Council has engaged an Independent investment adviser for the Committee and a firm of investment consultants to advice on the technical issues.
- 4.5 In addition the Council employs an independent performance measurement service to provide an analysis of individual manager's performance on a quarterly basis.
- 4.6 The Regulations have been supplemented by guidance on best practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in response to the Myners report, an independent review of pension investment, which reported in 2001.
- 4.7 The CIPFA best practice guidance sets out the responsibilities of the different parties involved in the investment process and requires that a periodic review be made of these arrangements and of the performance of the individual parties.

5. NEW ARRANGEMENTS

- 5.1 The Pensions Committee is advised on investment issues by:-
 - An independent investment adviser (Raymond Haines)
 - An investment consultant (Hymans Robertson & Co.)
 - The Acting Corporate Director of Resources or his designated deputy.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 6.1. The comments of the Acting Corporate Director of Resources have been incorporated into the report.

7. RISK MANAGEMENT IMPLICATIONS

- 7.1 There is inevitably a relatively high degree of risk associated with investment in financial markets.
- 7.2 The Regulations attempt to mitigate this risk by ensuring that arrangements are in place to monitor the activities of investment managers and proper advice is taken.

8. LEGAL COMMENTS

- 8.1 Regulation 11(3) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 requires the Council as an administering authority, to invest fund money that is not needed immediately to make payments from the Pensions Fund and under Regulation 11(1) to have a policy in relation to its investments. In accordance with Regulation 11(5), the Council is required to take proper advice at reasonable intervals about its investments and must consider such advice when taking any steps in relation to its investments.
- 8.2 Under regulation 8(1), the Council may appoint one or more investment managers to manage the fund. Where a manager is appointed, regulation 10 (1) requires the Council to keep the manager's performance under review. Under regulation 10(2), at least every three months, the Council must review the investments the investment manager has made for the fund and any other action taken by the manager in relation to it. Regulation 10(3)

requires the Council to periodically consider whether or not to retain the investment manager.

9. ANTI-POVERTY IMPLICATIONS

9.1 There are no specific anti poverty implications.

10. EQUAL OPPORTUNITIES IMPLICATIONS

10.1 There are no equality implications.

11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

11.1 There are no Sustainable Action for A Greener Environment implications.

**LOCAL GOVERNMENT ACT, 1972 SECTION 100D (AS AMENDED)
LIST OF BACKGROUND PAPERS USED IN THE PREPARATION OF THIS REPORT**

Brief description of "background papers"
N/A

Contact details of Holder
N/A