

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CLWYD PENSION FUND COMMITTEE**

DATE: **22nd JULY 2014**

REPORT BY: **CHIEF OFFICER (PEOPLE AND RESOURCES)**

SUBJECT: **STATEMENT OF INVESTMENT PRINCIPLES (SIP)**

1.00 PURPOSE OF REPORT

1.01 To provide Committee Members with the Fund's revised Statement of Investment Principles for approval.

2.00 BACKGROUND

2.01 LGPS Funds are required by the Local Government Pension Scheme (Management and Investment) Regulations 2009, to publish a Statement of Investment Principles (SIP).

2.02 The SIP must cover the Fund's policy on:

- 1 The types of investments held.
- 2 The balance between different types of investments.
- 3 Risk, including ways in which risks are to be measured and managed.
- 4 The expected return on investments.
- 5 The realisation of investments.
- 6 The extent (if at all) to which social, environmental, or ethical considerations are taken into account in the selection, retention and realisation of investments.
- 7 The exercise of the rights (including voting rights) attaching to investments, if the authority has any such policy.
- 8 Stock lending.

2.03 The SIP must also state the extent to which the administering authority complies with guidance given by the Secretary of State.

2.04 The SIP must be reviewed, and if necessary, revised before the end of a period of six months beginning with date of that change.

3.00 CONSIDERATIONS

3.01 The attached SIP has been updated to reflect:

- The implementation of the Flight-path strategy from March 2014 which includes the appointment of Insight Investment, the changing of Stone Harbor's benchmark to absolute return and the disinvestment from SSGA's passive equity mandates.
- The change in the Fund's Governance structure.

- The changes of assumptions from the actuarial valuation.
- Updates to statutory references.

3.02 The Fund's Myner's Principles Compliance Statement, Sustainability Policy and compliance with the FRC Stewardship Code are attached as appendices to the SIP.

3.03 The life of this SIP will be short as it will require a fundamental review to reflect changes resulting from the investment strategy review to be undertaken later this year. This SIP will be published on the Fund's website and included in the Annual Report and Accounts 2013/14.

4.00 RECOMMENDATIONS

4.01 That Committee Members review and approve the Fund's Statement of Investment Principles.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI-POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Appendix 1 – Statement of Investment Principles.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

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