

## **PRINCIPLES FOR INVESTMENT DECISION MAKING AND DISCLOSURE IN THE LOCAL GOVERNMENT PENSION SCHEMES IN THE UNITED KINGDOM – 2012**

### **Principle 1 – Effective Decision Making**

Administering authorities should ensure that:

- decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effective and monitor their implementation; and
- those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

### **Principle 2 – Clear Objectives**

An overall investment objective(s) should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers. These should be clearly communicated to advisers and investment managers.

### **Principle 3 – Risk and Liabilities**

In setting and reviewing their investment strategy administering authorities should take account of the form and structure of liabilities. These include the implications for local tax payers, the strength of the covenant for participating employers, and the risk of their default and longevity risk.

### **Principle 4 – Performance Assessment**

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers.

Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.

## **Principle 5 – Responsible Ownership**

Administering authorities should:

- Adopt, or ensure that their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents;
- Include a statement of the policy on responsible ownership in the Investment Strategy Statement;
- Report periodically to scheme members on the discharge of such responsibilities.

## **Principle 6 – Transparency and Reporting**

Administering authorities should:

- Act in a transparent manner communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives; and
- Provide regular communication to scheme members in the form they consider most appropriate.

### MYNERS ACTION PLAN – UPDATE NOVEMBER 2018

Principle		Action	How	When	Comments
<b>Principle 1: Effective Decision Making</b>	1	Members of the Committee to review training requirements and agree individual or collective training requirements.	Officers have prepared training plans for members of the Committee, recognising that new Panel Members will probably have higher training needs. Mandatory requirement that all Committee Members undertake the LGA Fundamentals Course. Plans to include Hymans Robertson (investment consultant), Barnett Waddingham (Actuary), PLSA and tPR training programmes, ad hoc courses & investment managers.	Deliver training to meet identified needs on an ongoing basis.	<p>The Committee endorsed the CIPFA Code of Practice on Knowledge and Skills Framework at its meeting 14 June 2012 and annually agrees a training plan based on that framework.</p> <p>Training is included within the Pension Fund Panel meetings.</p> <p>Training requirements contained in the above plan such as the LGA – updated Fundamental Trustees Training.</p> <p>All members have access to the Pensions Regulator Public Sector toolkit.</p>

Principle		Action	How	When	Comments
<b>Principle 1 continued</b>	2	Terms of reference and delegations checked as appropriately established.	Committee to review governance arrangements.	Last reviewed at Agenda Item 12 of 3 July 2018 Committee.	Amendments were only required to reflect new job titles.
	3	Risk register for the Pension Fund.	Risk register drafted by officers, reviewed by the Pension Board & approved by Committee.	Last reviewed at Agenda Item 15 of the 3 July 2018 Committee.	To be reviewed at least annually – Next review date June 2019. The Risk Register is reviewed in advance of the Committee by the Local Pension Board.
	4	Work plan of key decisions.	Identify schedule of key activity circulated to Committee.	Highlighted in Business Plan 6 March 2018.	To be reviewed at least annually – Next review date 4 March 2019.
<b>Principle 2: Clear Objectives</b>	5	Members of the Committee determine overall funding and investment objectives for the Fund based on advice from the actuary and investment consultant.	Officers to seek views from investment consultant and actuary. Understanding and confirming the Committee's Investment beliefs	On-going.	The Fund's investment beliefs were agreed at Agenda Item 12 of the 26 September 2017. Investment Beliefs are frequently re-considered as part of investment discussions.
<b>Principle 3: Risk &amp; Liabilities</b>	6	Enable the Fund to reconsider its strategic asset allocation.	Review of asset classes; review of active/passive split.	On-going Asset Liability modelling as part of the valuation process.	The Asset Allocation is under review at every Committee meeting.
	7	Enable the Fund to consider its liabilities.	Funding Strategy Statement.  Indicative funding level several times a year.	On-going. Review as part of the valuation process. Last reviewed at Agenda Item 20, 17 September 2018 Cttee.	Club Vita provides mortality data utilised within the 2016 valuation.

Principle		Action	How	When	Comments
<b>Principle 4: Performance Assessment</b>	8	Monitor manager performance.	Managers are given performance targets – custodian reports against targets.	On-going.	There is a rolling programme of meetings with individual managers to review performance.
	9	Market test advisers at least every five years except for the actuary who should be tested after 2 valuations.	Through a formal procurement process.	Actuary contract market tested during 2018.	New Actuary appointed 1 September 2018.
	10	Committee to assess its effectiveness as a decision making body.	The Committee undertakes post implementation reviews.	Most Recent Example is: Feedback from LGIM on switching from Active Global Diversified Fund to All World Passive approved 3 July 2018	The Committee received a post transfer report on the effectiveness of the transfer at Pensions Panel.
	11	Assessment relative to funding objectives	Indicative funding level from Actuary	This is included quarterly in the Committee Agenda item for Investment Performance	Last reported at September 2018.
	12	Undertake annual review of performance.	The fund approves a business plan which will further improve the annual review of performance.	The business plan is reviewed annually in first quarter of each calendar year, last approved at Agenda item 12, 6 March 2018 Committee.	There is a rolling review of annual performance and longer term performance in Agenda Item 12 of this Agenda.

Principle		Action	How	When	Comments
<b>Principle 5: Responsible Ownership</b>	13	Review manager mandates to ensure compliance with UK Stewardship Code.	Complete as part of governance review.	Every year, with most recent review completed Agenda item 13, 3 July 2018 Committee.	All eligible managers are ranked by FCA. The Financial Reporting Council (FRC) classify all the Fund's UK Equity Managers as Tier 1 signatories to the UK Stewardship Code.
	14	Review UK Stewardship Code Statement.	Annual report to Committee.	Usually June Cycle of meetings.	Reviewed as Agenda item 13, 3 July 2018 Committee.
	15	Report managers' actions to Committee to allow a view to be taken on compliance.	<i>Twelve</i> monthly reports to Panel.	On-going.	Incorporated within Investment Manager reviews.
	16	Include a statement of the policy on responsible ownership in the <i>Investment Strategy Statement (ISS)</i> .	ISS currently includes statement.	ISS Agreed Agenda item 13, 6 March 2018	The ISS is revised as and when necessary.
	17	Working Collaboratively to maximise Influence	Member of Local Authority Pension Fund Forum (LAPFF) and Institution Investors Group on Climate Change	Subscription Basis	The Committee Chair is a member of the LAPFF Executive.
			Active role in Borders to Coast Pensions Partnership	Partner	The Committee Chair represents Bedfordshire Pension Fund as Chair of the Joint Committee.
	18	Report to members on discharge of responsibilities.	Annual report and summary report to include appropriate statement.	On-going.	Last completed for 2017/2018 financial statements.

Principle		Action	How	When	Comments
<b>Principle 6: Transparency &amp; Reporting</b>	19	Communicate to stakeholders on investment and related issues.	Annual General Meeting (AGM) for scheme employers with presentations on key issues.	Annually.	Meeting due to be held on 21 February 2018 was cancelled due to lack of support from employers. The Fund aims to give advance notice for 2019 Meeting. Next meeting planned for February 2019
	20	Valuation process – engage with other employers.	Meetings, consultation on the Funding Strategy Statement (FSS).	At least every 3 years.	Planned consultation as part of 2019 Valuation.
	21	Review annual report & summary report to comply with principles.	Summary report and accounts available to all members via the website.	On-going.	Latest available for 2017/2018 financial statements.
	22	Provide information via the internet and intranet.	Specific web-site.	On-going.	( <a href="http://www.bedspensionfund.org">www.bedspensionfund.org</a> ) and being maintained.
	23	Review Investment Strategy Statement (ISS) in light of new principles.	ISS includes these Principles.	<i>ISS Agreed Agenda item 13, 6 March 2018</i>	<i>The ISS is revised as and when necessary.</i>