

<b>Report to:</b>	<b>Pension Fund Management/Advisory Panel</b>
<b>Date:</b>	11 December 2015
<b>Reporting Officer:</b>	Peter Morris, Executive Director of Pensions
<b>Subject:</b>	<b>STATEMENT OF INVESTMENT PRINCIPLES</b>
<b>Report Summary:</b>	The report advises Members of the proposed changes to the Statement of Investment Principles (SIP) required as a result of an accumulation of various changes in the investment management arrangements of the Fund and a commitment made in response to a consultation exercise undertaken.
<b>Recommendation(s):</b>	That the draft Statement of Investment Principles appended to the Annexed report and amended as set out within this report, be approved and adopted by the Fund.
<b>Links to Community Strategy:</b>	The Pension Fund aims to facilitate low, stable contribution rates for employers, thus enabling a higher level of services to be delivered across the County.
<b>Policy Implications:</b>	None
<b>Financial Implications: (Authorised by the Section 151 Officer)</b>	Maintaining a low, stable employer contribution rate is dependent upon good absolute and relative performance from the Fund's investments. The SIP documents how GMPF addresses achieving this objective.
<b>Legal Implications: (Authorised by the Solicitor to the Fund)</b>	The Fund has a duty to review the SIP when necessary and to consult as appropriate on the content thereof. This report assists in fulfilling that duty. The proposed SIP reflects the current legal position and does not require any change to Fund policy.
<b>Risk Management:</b>	Routine investment monitoring and consideration of investment issues facilitates timely action to address investment under-performance and changes in the world economic environment.
<b>ACCESS TO INFORMATION:</b>	<b>NON CONFIDENTIAL</b>
	<b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>
<b>Background Papers:</b>	The background papers to this report may be inspected by contacting: Michael Ashworth, Investments Officer, on 0161 301 7257 (email: michael.ashworth@gmpf.org.uk).

## 1. BACKGROUND

- 1.1 A report was submitted to the 16 October 2015 meeting of the Investment Monitoring and ESG Working Group, which advised Members that an updated Statement of Investment Principles (SIP) was required to reflect various changes in the investment management arrangements of the Fund since it was last adopted by Panel on 11 June 2010.
- 1.2 A copy of the report to the Working Group is attached as an **Annexe** to this report. A draft of the revised SIP was attached as an **Appendix** to the Working Group Report. The changes drafted into the revised SIP simply reflect changes in the investment management arrangements of the Fund that have occurred in the past five years.
- 1.3 Prior to the 16 October 2015 meeting of the Investment Monitoring and ESG Working Group, a period of consultation was undertaken. The draft of the revised SIP was placed on the Fund's website, with an alert in the 'News and Updates' section. In addition, each employer was directly alerted to the consultation.
- 1.4 The consultation ran from Tuesday 11 August 2015 to Friday 4 September 2015.

## 2. CONSULTATION RESPONSES

- 2.1 The report to the 16 October 2015 meeting of the Investment Monitoring and ESG Working Group outlines the responses to the consultation.
- 2.2 After consulting with the Borough Solicitor, it is proposed to incorporate only one change to the draft version of the SIP on which the Fund consulted. The proposed change relates to paragraph 8.1 and reflects the wording requested by Manchester Friends of the Earth, who had responded to the consultation. This proposed change is consistent with the legal position, and does not require any change to Fund policy.
- 2.3 The proposed revised wording for paragraph 8.1 is:

*"The Fund holds a general policy of not interfering in the day to day investment decisions of its investment managers. However, the Fund may choose to actively invest in or disinvest from companies for social, ethical or environmental reasons, so long as that does not risk material financial detriment to the Fund."*

- 2.4 The proposed changes received the support of the Working Group.

## 3. RECOMMENDATION

- 3.1 That the draft Statement of Investment Principles appended to the Annexed report and amended as set out within this report, be approved and adopted by the Fund.