

Report to: **Pension Committee**

Date: **8 September 2016**

By: **Chief Finance Officer**

Title of report: **Statement of Investment Principles (SIP)**

Purpose of report: **This report provides Members with an annually updated Statement of Investment Principles (SIP) for the East Sussex Pension Fund.**

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## RECOMMENDATIONS

**The Committee is recommended to note the revised SIP which has been updated as required by regulations to reflect the changes made during the last 12 months.**

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### 1. Background

1.1 The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2009 require administering authorities to produce a Statement of Investment Principles. The SIP gives a comprehensive description of the thinking behind the way in which the investments of the Fund are managed.

### 2. Supporting Information

2.1 The SIP for the East Sussex Pension Fund has now been refined a number of times and this latest version is fully updated to take account of all the revisions to the Investment Strategy agreed to date. There are no main changes in terms of asset allocation since the previous SIP, and an updated statement is attached as Appendix 1 to reflect the revisions to the Code.

2.2 There is also a requirement to report the Fund's compliance in line with the 6 Myners principles. These 6 principles are a re-presentation with a stronger emphasis on training and development of Members and officers, the involvement of and communication with stakeholders, performance management of the committee itself and of its advisors and a framework for measuring risk and the strength of the covenants of employers. Funds need to demonstrate compliance with these principles or explain the reasons why not.

2.3 The SIP should be revised within six months of any significant changes being agreed by the Pension Committee, to ensure it remains a true reflection of the investment policy of the Fund.

### 3. Investment Objectives

3.1 The Committee's main objective for the Fund is to ensure that the Fund's assets and the future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Fund as they arise. Also to maintain an appropriate funding level and to ensure growth above inflation in the value of the assets to control and minimise the level of costs passed on to Council Taxpayers by facilitating low and stable employer contribution rates in the long term. The Council remains the ultimate guarantor of the scheme members' benefits.

### 4. What do the regulations require?

| Description                                  | Pre 2016 | Post 2016 |
|--|----------|-----------|
| Statement of Investment Principles ("SoIP")  | Yes      | No        |
| <i>Investment Strategy Statement ("ISS")</i> | No       | Yes       |

4.1 Investment strategy statement (ISS) - As part of revoking and replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, the new regulations propose to remove the existing schedule of limitations on investments. Instead authorities will be expected to take a prudential approach, demonstrating that they have given consideration to the suitability of different types of investment, have ensured an appropriately diverse portfolio of assets and have ensured an appropriate approach to managing risk. The new ISS is expected to be implemented from April 2017.

## **5. Conclusion and reasons for recommendations**

5.1 This document constitutes the Statement of Investment Principles (SIP) of the East Sussex Pension Fund. The SIP describes the investment policy that is being pursued by the Fund, and the Committee is asked to note the revised SIP which has been updated as required by regulations to reflect the changes made during the last few months.

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Background Documents  
None