



<u>Committee and Date</u>	<u>Item</u>	<u>Paper</u>
Pensions Committee 30 June 2009 10.00	8 Public	C

STATEMENT OF INVESTMENT PRINCIPLES

Responsible Officer Laura Rowley
e-mail: laura.rowley@shropshire-cc.gov.uk

Tel: (01743)
252007

Fax (01743)
252184

Summary

The report informs Members of updates to the Pension Fund's Statement of Investment Principles to reflect changes to the Fund's investment management arrangements.

Recommendations

Members are asked to approve the revised Statement of Investment Principles.

REPORT

Background

1. Pension Schemes within the Local Government Pension Scheme are required to publish a Statement of Investment Principles (SIP) and to further publish any changes to the SIP.
2. Shropshire's original SIP was published in 2000 and revisions have been made each year since then. Following changes to the strategic asset allocation, the SIP needs to be updated and the revised version published.

Statement of Investment Principles

3. The SIP outlines the Shropshire County Pension Fund investment objectives. The primary long term objective is to achieve and maintain a funding level at, or close to 100% of the Fund's estimated liabilities; and within this, to endeavour to maintain low and stable employers' contribution rates.

4. The SIP also outlines the types of investments held, the approach to risk and diversification, expected returns on investments and the Funds approach to social, environmental and ethical investments.
5. Since 2000 the Fund has been required to publish compliance against 10 principles of best practice for investment management arrangements known as Myners Principles. The Fund's compliance against these principles is published within the SIP. Myners Principles have recently undergone a review and the Chartered Institute of Public Finance (CIPFA) is due to publish updated guidance on their application in local government pension funds. The Fund's compliance against Myners Principles will be reviewed after the publication of this revised guidance.
6. The revised Statement of Investment Principles incorporates the decision by Pensions Committee in March 2009 to revise the strategic asset allocation of the Fund. Specifically it highlights new allocations to Global Equities (10%) and Infrastructure (3%) which the Fund will be implementing in the forthcoming year. It also highlights the increase to the allocation to private equity (from 3% to 5%). These changes are made possible by reducing the allocation to UK Equities from 25% to 10%.
7. Attached at Appendix A is the revised Statement of Investment Principles for Members approval.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee, 27 February 2008, Item 8, Paper B, Statement of Investment Principles

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998

Environmental Appraisal

The Statement of Investment Principles sets out the Pension Fund's approach to Ethical, Environmental and Socially Responsible Investments.

Risk Management Appraisal

The Statement of Investment Principles sets out the Fund's approach to managing risk within its investments.

Community / Consultations Appraisal

The Statement of Investment Principles is published on the Scheme's website.

Cabinet Member

N/A

Local Member

N/A

Appendices

A - Statement of Investment Principles (revised June 2009)

Shropshire County Pension Fund

Statement of Investment Principles

(June 2009)

The Shropshire County Pension Fund (the 'Fund') will adopt as best practice the production, publication and regular review of a Statement of Investment Principles.

The Local Government Pension Scheme (LGPS), of which the Fund is a part, is established under the Superannuation Act 1972 and is regulated by a series of Regulations made under the 1972 Act. The most recent Regulations are the LGPS (Management and Investment of Funds) Regulations 1998 (as amended).

Management of the Pension Fund

Shropshire Council is the Administering Authority for the Shropshire County Pension Fund. The Council has delegated to the ***Pensions Committee*** the administration of the Pension Fund, and the functions relating to local government pensions, etc., as set out in Schedule 1 to the Functions Regulations, in particular, the following responsibilities:-

- Admission of employing organisations to the Fund where discretion is permitted.
- Appointment of external advisers and actuaries to assist with the administration of the Fund, and of external fund managers for the management of the Fund's portfolio of assets.
- Approval of the periodic, formal valuations of the Fund.
- Consideration of the advice of the Council's external investment advisers and the Scheme Administrator (Director of Resources).
- Determination of the objectives and general investment approach to be adopted by external fund managers.
- Review and monitoring of investment transactions and the overall investment performance of the Fund.
- Development and implementation of shareholder policies on corporate governance issues.
- Approval of the Statement of Investment Principles and monitoring of compliance.
- Review of the Funding Strategy Statement ahead of the triennial valuations.
- Review and approval of the Communications Policy.

Members of the Pensions Committee recognise that they have a duty to safeguard, above all else, the financial interests of the scheme's beneficiaries. In this respect the duty is similar to that of a Trustee in the private sector. Beneficiaries, in this context, are considered to be the Scheme Members (pensioners, employees and employers), together with local Council Tax Payers.

The Shropshire County Pension Fund has prepared and published a written Governance Compliance Statement. This statement describes in full detail all aspects of the administering authority's pension fund governance arrangements and level of compliance with key principles published by the Department of Communities and Local Government.

Composition of the Pensions Committee

The *Pensions Committee* is made up of 9 members, as follows:-

Organisation	Representatives
Shropshire Council	4
Borough of Telford and Wrekin Council	2
Employees	2 (non-voting)
Pensioners	1 (non-voting)

Members of the Committee receive independent investment advice from three sources;-

- Roger Bartley - strategic and overall investment approach advice.
- Russell Investment Group - analysis and advice of a technical nature in relation to portfolio construction and manager appointment, interpretation of performance measurement and the monitoring of investment managers.
- Mercer Investment Consulting – advice on manager appointments, monitoring of investment managers, and technical advice.

The Director of Resources has responsibilities under S151 of the Local Government Act 1972 and provides financial (non-investment) advice to the Committee, including advice on financial management, issues of compliance with internal regulations and controls, budgeting and accounting and liaison with independent advisers.

Legal advice is provided by the Assistant Chief Executive Legal & Democratic.

Liabilities

The LGPS is a defined benefit pension scheme which provides benefits related to the final salary of members. Each member's pension is specified in terms of a formula based on salary and contributory service and is unaffected by the investment returns achieved on the Fund's assets.

All active members are required to make contributions. A new look LGPS was introduced in April 2008 creating a tiered structure of employee contribution rates ranging from 5.5% for employees on salaries below £12,000 of permissible pay to 7.5% for employees earning over £75,000 per annum. The new look LGPS remains a final salary defined benefit scheme.

Employing authorities are responsible for meeting the balance of costs necessary to finance the benefits payable under the scheme and which are not met from assets or investment returns. Their contribution rates are determined based on advice from the Fund's actuary in undertaking the three-yearly valuation of assets and liabilities.

In addition to declaring their contribution rates, some employers within the scheme are required to calculate and publish their individual pension fund liabilities compared to their assets. Since June 2001 when the FRS17 accounting standard was introduced a third of employers within the Shropshire fund have been required to make this new disclosure on the basis that their annual turnover exceeded £500,000. With the help of an actuary these statements are produced annually.

Funding Level

A full actuarial valuation of all assets and liabilities is carried out every three years. At the last valuation, on 31 March 2007, the actuary determined that the Fund's assets were equivalent to 85% of its liabilities. This was after allowing for a significant change in the actuary's projections for longevity that had the effect of reducing the funding level by between 8% and 9%.

The Fund's investment strategy was reviewed in 2009 following an asset liability study. In order to diversify the Fund in March 2009 it was decided to implement changes to the strategic asset allocation as soon as practicable. The Fund is part way through implementing these changes. The allocation to private equity has been increased from 3% to 5%, and a tender instigated to appoint an investment manager for a new 10% allocation to global equities. In 2009 a further tender will be instigated to appoint an investment manager for a new 3% allocation to infrastructure. These new allocations will be funded by a corresponding reduction in the strategic asset allocation to UK equities.

The Pensions Committee monitors the valuation position on an annual basis. The next actuarial valuation will take place in 2010.

Investment Objective

The Fund's primary long term investment objective is to achieve and maintain a funding level at, or close to, 100% of the Fund's estimated liabilities; and within this, to endeavour to maintain low and stable employers' contribution rates. Given the constraints on local authority spending, volatility in the employer's contribution rate is undesirable.

At the last formal valuation in 2007 the funding level was 85%. In order to achieve the Fund's primary objective the level of employers' contributions rates have been increased. Employer contribution rate increases are being phased in over a maximum of 3 years to minimise the impact on employers' budgets. The Fund will continue to take a prudent approach towards investments and remains committed to striving towards its objective.

Types of investment to be held

Assets are held by the Fund in order to achieve returns consistent with the cost of future pension liabilities as assessed by the actuary at the valuation. In 2009, the Fund's strategic asset allocation was confirmed as :-

Fixed Interest Stocks	25% of the total Fund, and
Equities and Property	75% of the total Fund.

Risk and Diversification of Investments

Risk can take a variety of forms. The Pensions Committee regards 'risk' as:

- The failure to pay benefits as and when they fall due,
- The likelihood of failing to achieve the investment objective (as set out above),
- The failure of some investments,
- Currency and counterparty risks,
- Risks associated with actions of investment managers, and/or
- Custody risk.

The Pensions Committee, in defining, implementing and monitoring investment strategy, has taken several steps to control and minimise these risks.

In terms of magnitude, the Pensions Committee considers that asset-liability mismatch risk is one of the most important measures to control. Therefore, following an actuarial valuation, the Committee conducts an asset/liability review which focuses on the impact of varying asset allocations on expected future funding levels. The Committee consider the variability of results through the use of stochastic modelling techniques and are able to measure and quantify these results by looking at statistics such as standard deviation of returns and downside risk. This allows the Committee to assess the probabilities of critical funding points associated with a number of alternative investment strategies. Consideration may also be given to the volatility of a number of parameters (e.g. items associated with accounting measures, contributions etc) to further assess the potential risks associated with a particular investment strategy.

The process of risk management continues through to implementation. For example, the Pensions Committee and Investment Managers are bound by the terms and conditions of an Investment Management Agreement in which investment guidelines and restrictions are formalised including, but not exclusively limited to a measure of risk as defined by tracking error. Frequent monitoring of portfolio characteristics such as excess returns and tracking error also aids in the ongoing risk management.

The Fund pursues a policy of managing risk by diversifying both investments and investment managers. The annual review of investment management arrangements confirmed the continuation of the specialist manager structure.

The Fund's current strategic asset allocation and target strategic asset allocation agreed by Pensions Committee in March 2009 are shown in the following table, together with a note of the investment manager for individual asset classes:-

Asset class	Current Strategic Allocation %	Target Strategic Allocation %	Investment Manager
<u>Fixed Interest</u>			
UK Index Linked Bonds	10	10	Legal & General Investment Managers
Global Aggregate Bonds	10	10	PIMCO Europe Ltd
Global Government Bonds	5	5	Strategic Fixed Income ###
Total Fixed Interest	25	25	
<u>Equities & Property</u>			
UK Equities	23	10	Majedie Asset Management (current 12.5%, future 10%) Goldman Sachs Asset Management (current 10.5%, future 0%)
Global Equities	0	10 ##	To be appointed
US Equities	9	9	Goldman Sachs Asset Management
Europe (ex UK) Equities	9	9	AXA Rosenberg Investment Management Ltd
Japan Equities	5	5	Baillie Gifford & Co
Pacific (ex Japan) Equities	4	4	Martin Currie Investment Management
Emerging Markets Equities	5	5	F&C Management Limited
European (incl UK) Property	5	5	Aberdeen Property Investors
Private Equity (fund of funds)	5 #	5	HarbourVest Partners Limited
Infrastructure	0	3 ##	To be appointed
Hedge Funds (fund of funds)	10	10	Man Investments Ltd (6%) BlackRock (4%)
Total Equities & Property	75	75	
Total Fund	100	100	

The total fund value at March 2009 was £714m.

5% of the total Fund has been committed to private equity and actual investment in this asset class will be drawn down over the next 3-5 years. Funds will be provided from within the overall equity allocation.

new allocations to global equities / infrastructure to be made from the allocation to UK equities.

to be appointed in July 2009

Custodial services are provided to the Fund by a single global custodian, the Northern Trust Company, and include the safekeeping of assets, the collection of income, the exercise of voting rights, and the monitoring and execution of corporate actions in conjunction with investment managers. The custodian also provides independent confirmation of the assets held by the Fund

The Fund ceased securities lending in October 2008 following concerns surrounding counterparty risk. There are no plans to re-institute a securities lending programme.

The investment performance and suitability of the appointment of individual managers is continually monitored by the Pensions Committee and is formally reviewed every 3 years.

The Selection and Realisation of Investments

Each manager has full discretion in terms of stock selection within the Regulations relating to the types of investment held and the terms of his individual mandate. In managing the investments, including the acquisition, retention and realisation of individual holdings within their portfolios, each manager is required to have regard to:-

- the suitability of investments, and
- diversity of investments

As the market value of the assets held by each fund manager changes, so the overall actual asset allocation of the Fund changes in relation to the strategic benchmark. Russell Investment Group is employed to manage fund rebalancing. A combination of futures and physical rebalancing is used to maintain a balance of assets allocated to each asset class. Risk is controlled by way of control bands around the strategic benchmark which restrict the extent to which the fund, through market movements, can deviate away from benchmark proportions. Futures are used within bands to ensure the Fund is as close to the strategic benchmark as possible. Periodic physical rebalancing is undertaken should any of the futures control bands be breached.

The Expected Return on Investments

A benchmark return has been established for each portfolio related to the Index return for the asset class in which the portfolio is invested. The returns and volatilities used for each asset class in the ALM process is shown over.

Asset class	Expected Return * %	Volatility * %
UK Equities	7.8	17.6
International Equities	7.8	16.5
International Equities (Hedged)	7.7	13.9
Property	6.3	12.5
UK Gilts	4.7	4.5
Aggregate Fixed Income	5.0	4.8
Index-Linked Gilts	4.4	5.5
International Bonds (Hedged)	4.9	5.4
Hedge Funds	7.3	6.0
Private Equity	10.8	30.9
Cash	4.4	0.8
Inflation	2.9	0.8

- **10 year historic investment returns and volatility**

Passive (Index tracking) managers aim to achieve a return close to their particular index by holding those stocks comprised in the index. Active managers are required to produce a specific target return in excess of their benchmark return and achieve this by taking investment positions different from the index proportions in order to add value. Details of individual mandates are given in the following table:

Investment Manager	Asset class	Benchmark	Target
Active portfolios			
Strategic Fixed Income *	Global Government Bonds	Citigroup World Government Bond Index (Sterling Hedged)	+1.0% pa over rolling 3yr periods
PIMCO Europe Ltd	Global Aggregate Bonds	Barclays Global Aggregate Index (Sterling Hedged)	+1.0% pa over rolling 3yr periods
	Absolute Returns	1 month Stirling LIBOR	+4% p.a.
	Global Credit	Barclays Corporate (ex-Treasuries, ex-Securitized)	+1.0% pa over rolling 3yr periods
Majedie Asset Management	UK Equities	FT All Share	+2% pa over rolling 3 year periods
Goldman Sachs Asset Management	UK Equities	FT 350	+1% pa over rolling 3 year periods
Goldman Sachs Asset Management	US Equities	S&P 500	+0.75% pa over rolling 3 year periods
AXA Rosenberg Investment Management Ltd	Europe (ex UK) Equities	FTSE World Europe ex UK in £	+1.5% pa over rolling 3 year periods
Baillie Gifford & Co	Japan Equities	FT Japan	+2.0% pa over rolling 3 year periods
Martin Currie Investment Management	Pacific (ex Japan) Equities	FTSE WI Asia Pacific (ex. Japan)	+2.0% pa over rolling 3 year periods
Harbour Vest Partners Limited	Private Equity (fund of funds)	Broad public equities index	+ 3-5% pa
F&C Management Limited	Emerging Markets Equities	MSCI Emerging Markets Free (£)	Match or exceed Benchmark
Aberdeen Property Investors	European (incl UK) Property	RPI + 5%	Match or exceed Benchmark
Man Investments Ltd	Fund of Hedge Funds	3month Stirling LIBOR	+ 5.0% pa
BlackRock	Fund of Hedge Funds	3month Stirling LIBOR	+5.0% pa
Indexed (Passive) Portfolios			
Legal & General Investment Management	UK Index linked Bonds	FTSE (over 5 yrs) Index Linked stocks	Match benchmark

* To be appointed in July 2009

Investment performance against these benchmarks and targets is reported quarterly by managers and confirmed, on an individual and whole-fund basis, by an independent performance measurer, Northern Trust.

Social, Environmental and Ethical Investments

Trustees of a pension scheme are obliged to put the interests of the scheme members above all other considerations in determining an investment policy. Where the purpose of a fund is clearly to provide **financial** benefits, the best interests of the beneficiaries must be taken to mean their **financial** interests. Beneficiaries in this context will also include the employing authorities' council tax payers as they will have to meet a funding shortfall for any reason including an investment under-performance. Investments by the Shropshire Fund are therefore selected by normal financial criteria. However, social, ethical and environmental issues can be considered provided this does not detract from investment returns.

The Pensions Committee is fully aware of their primary responsibility to safeguard the financial interests of the beneficiaries of the Fund and have given consideration to the issues relating to socially responsible investing.

As a shareholder, in the UK alone, the Shropshire Fund is a part owner of over 80 UK companies and by entering into dialogue with these companies it is felt that there is potential to achieve change from the inside. However, it is also recognised that there are certain industries and sectors where engagement is less effective.

Given that the Fund does not have the resources to regularly visit the companies in which it invests, the most effective way to develop an engagement programme is to appoint an external provider. Providers of these services enter into constructive discussion with companies on the Fund's behalf to put to them the case for improved financial returns through better management of the negative impacts they might have on the environment and society in general. F&C provide a responsible engagement overlay on the Fund's UK equity portfolios.

Under the Fund's decision-making structure, the selection, retention and realisation of investments is undertaken by individual portfolio managers, who have full discretion in this respect, subject to restrictions laid down in individual mandates which largely reflect the restrictions contained in the LGPS Regulations.

The Fund has, however, established and implemented an active corporate governance policy in order to encourage best practice in company management. The policy also seeks to promote best practice in environmental, ethical and socially responsible matters.

Corporate Governance

In 1995, the Shropshire Pension Fund adopted a Corporate Governance Policy in respect of the companies in which it invests.

The Fund adopted the corporate governance guidelines proposed by Pensions Investment Research Consultants Ltd (PIRC). The main themes of the policy include:-

- Appointment and remuneration of Chairman, Chief Executive and Directors
- Appointment and remuneration of Auditors
- Socially responsible and environmental policies and practices
- Political Donations
- Examination of incentive schemes

The Fund exercises its corporate governance policy by actively voting at UK and US Company Annual and Special meetings each year. Voting rights are exercised on the Fund's behalf by PIRC.

The Fund is also a member of the Local Authorities Pension Fund Forum (LAPFF), which seeks to combine like-minded bodies to promote the above issues. At present 49 Local Authorities are members of this forum with a combined asset value of 75% of local government pension fund assets.

Myners Principles

In 2000, the Government commissioned a "Review of Institutional Investment in the UK". The main reason for the review was given as a concern that, by focusing primarily on industry-standard investment patterns, the behaviour of institutional investors, including occupational pension funds, was distorting economic decision making to the detriment of small and medium sized enterprises. Paul Myners was commissioned to undertake the review.

In his report, Myners emphasised the importance of transparency and reporting and consistent with these themes, he set out a number of principles of best practice and recommended that pension funds should set out in their Statement of Investment Principles (SIP) what they are doing to implement these principles and, if not, to explain why not.

Disclosure of this information is a statutory requirement under proposed changes to the regulations which govern the management and investment of local authority schemes. These require administering authorities to publish details of their compliance with the ten principles and give justification where they have chosen not to comply.

CIPFA (Chartered Institute of Public Finance and Accountancy) published guidance on the issues to be considered in disclosing compliance with the principles. The guidance contains a compliance checklist which will aid authorities in determining the extent of their compliance. This is summarised in the following paragraphs.

In the last year there has been a review of the Myners Principles and CIPFA is due to publish updated guidance on their application to the local government pension scheme. The Fund will review its compliance after the publication of the updated guidance.

The following table identifies the ten principles and the extent to which management and investment arrangements at Shropshire comply (in accordance with the existing CIPFA guidance), and where not, what action is proposed in order to comply:

Principles	Extent of compliance			Comment/ justification	Action to be taken
	Full	Partial	Non		
<p>Clear objectives:</p> <ul style="list-style-type: none"> • set overall investment objective specific to the fund's liabilities • determine parameters for employer contributions • specify attitude to risk and limits • identify performance expectations and timing of evaluation • peer group benchmark in use for comparison purposes only 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>A fund specific investment objective is set to maintain a funding level at, or close to, 100%, and within this, to endeavour to maintain low and stable employers' contribution rates</p> <p>Performance and risk parameters are specified in relation to relevant indices and appropriate time periods and are set out in investment mandates.</p> <p>Peer group performance is used for comparison purposes only.</p>	
<p>Focus on asset allocation:</p> <ul style="list-style-type: none"> • priority is given to strategic asset allocation decisions • all asset classes permitted within the regulations have been considered • asset allocation is compatible with liabilities and diversification requirements 	<p>✓</p> <p>✓</p> <p>✓</p>			<p>It is recognised that the single most important investment decision is the strategic allocation between equities/bonds.</p> <p>All asset classes permitted within the regulations have been considered, but not all have been accepted for investment.</p> <p>Asset/Liability review is carried out every 3 years. The actuarial funding position is monitored on an annual basis by the Pensions Committee</p>	

Principles	Extent of compliance			Comment/ justification	Action to be taken
	Full	Partial	Non		
<p>Expert advice:</p> <ul style="list-style-type: none"> • separate contracts in place for actuarial services and investment advice • terms of reference specified • specify role of S151 officer in relation to advisers • tender procedures followed without cost constraint factor 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>Separate contracts are in place for:</p> <ul style="list-style-type: none"> - actuarial services - independent investment advice - asset/liability review - manager selection advice. <p>The Governance Policy Statement identifies the duties of the Pensions Committee, including the consideration of advice from external independent advisers and the S151 officer.</p> <p>The Council's Contract Rules and, where appropriate, the relevant EU Directive on tendering are followed for all adviser and manager appointments.</p>	
<p>Explicit mandates:</p> <ul style="list-style-type: none"> • written mandate included in management contract containing elements specified • constraints on the type of investment are in line with regulations • reasons stated if soft commission permitted 	<p>✓</p> <p>✓</p> <p>✓</p>			<p>All investment management contracts contain the specified elements - objective, asset allocation, benchmark, risk parameters, performance targets and measurement timescales.</p> <p>Constraints on the type of investment are in line with regulations.</p> <p>New mandates make reference to soft commission practices. Reasons for any soft commission arrangements are clearly stated.</p>	

Principles	Extent of compliance			Comment/ justification	Action to be taken
	Full	Partial	Non		
<p>Activism:</p> <ul style="list-style-type: none"> incorporate US Principles on activism into mandates review manager strategies establish means to measure effectiveness engage external voting agencies if appropriate 	<p>✓</p>	<p>✓</p> <p>✓</p>		<p>US Principles on activism have been adopted on the US equities mandate where an external voting agent is employed. An independent adviser is appointed to engage with companies on socially responsible issues.</p> <p>Manager activism strategies are not currently reviewed systematically.</p> <p>Work is ongoing to measure the extent and effectiveness of voting policies.</p> <p>Voting at company meetings is effected through the fund's corporate governance adviser.</p>	<p>Investment manager activism arrangements will be considered as part of routine monitoring arrangements.</p>
<p>Appropriate benchmarks:</p> <ul style="list-style-type: none"> consider whether index benchmarks selected are appropriate limits on divergence from index are relevant active or passive management considered targets and risk control reflect performance expectations 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>			<p>All investment management mandates have index related benchmarks. The relevance of benchmarks, performance targets and associated risk parameters and the need for active/passive management are reviewed triennially as part of the asset/liability review.</p>	
<p>Performance measurement:</p> <ul style="list-style-type: none"> formal structure for regular monitoring in operation arrangements in place to assess procedures and decisions of members similar arrangements established for advisers and managers 	<p>✓</p>	<p>✓</p>	<p>✓</p>	<p>Formal and rigorous performance appraisal procedures are in place for investment managers, at both officer and member level.</p>	<p>Consideration to be given to developing monitoring procedures for advice.</p>

Principles	Extent of compliance			Comment/ justification	Action to be taken
	Full	Partial	Non		
<p>Transparency:</p> <ul style="list-style-type: none"> Statement of Investment Principles (SIP) updated as specified consultation undertaken on amendments changes notified to stakeholders 	✓	✓		<p>An initial SIP was published in June 2000. A group of scheme members were consulted during its preparation. In 2006 the revised SIP was sent to all employers for comments.</p> <p>The SIP is made available to stakeholders by reference being made in the Annual Report and at the Annual Meeting. The SIP is published in full on the Scheme website.</p>	
<p>Regular reporting:</p> <ul style="list-style-type: none"> publish changes to SIP and its availability identify monitoring information to report inform scheme members of key monitoring data and compliance with principles 	✓			<p>Changes to the SIP are published.</p> <p>Monitoring of compliance with the Myners Principles is included in the SIP. This is reported to scheme members via the Annual Report and Annual Meeting. The SIP is published in full on the Scheme website.</p>	

Review of Statement of Investment Principles

The Statement of Investment Principles will be reviewed by the Pensions Committee on a regular basis (at least annually) and material changes to policies covered by the Statement will be published. Copies will be circulated to the Fund's Investment Managers, Advisers and Actuary and will be made available to Employers and scheme members. It will be published in full on the Scheme website.

The Pensions Committee will obtain written confirmation from Investment Managers that they have complied with this statement as supplied to them and the Committee will advise the Investment Managers promptly and in writing of any material changes to the statement.