

Myners Consultation Team
Room 3/20
H M Treasury
1 Horse Guards Road
LONDON
SW1A 2HQ

Dear Sir/Madam

Response to Consultation on Updating the Myners Principles

Thank you for the opportunity to respond to your consultation document on updating the Myners Principles. The Nottinghamshire Pension Fund's Investment Sub Committee has previously considered the results of the NAPF Review of the Myners Principles and would like to comment on your proposals as follows.

The Principles were first published in 2001 and given the changes in the pensions world since then, it seems entirely appropriate to review them to ensure they remain current. The reduction in the number of Principles from ten to six seems sensible and the proposal to produce further best practice guidance for trustees is seen as helpful.

The ownership of the Principles presently rests with H M Treasury and this provides both an element of independence and reinforces their importance. Whilst noting your proposal to encourage greater pension industry ownership of the Principles through the creation of the Investment Governance Group, there is concern that this may reduce the 'status' of the Principles themselves. The Group's terms of reference appear reasonable but, if it is introduced, it would seem appropriate for its effectiveness to be independently reviewed after say two or three years in operation.

The proposed updated Principles cover the six areas of effective decision making, setting clear investment objectives, considering risk and liabilities, performance assessment, responsible ownership and transparency and reporting. These are recognised key features of an effective Pension Fund Investment process and form a reasonable basis for the continuation of the 'comply or explain' approach proposed. Performance Assessment of fund managers is relatively straightforward but assessing trustee performance is more complex and further guidance on this aspect of performance measurement would be welcomed.

The consultation document proposes guidance on a number of areas including reporting against the Principles and while such guidance can be useful, it should not be too descriptive or too detailed. Pension Funds have become accustomed to reporting against the Myners Principles and are able to do so within a non prescriptive framework.

Finally, you ask whether there should be Local Government Pension Scheme representation in the proposed Investment Governance Group and this is supported. It would provide an appropriate voice for local government schemes and ensure that the proposed Group receives a sufficient breadth of views on pension issues.

Yours faithfully

Cllr M Storey
Chair of Nottinghamshire Pensions Committee