

Pension Fund Investment Sub Committee

14 September 2015

Governance Compliance Statement

Recommendation

That the Pension Fund Investment Sub-Committee approve the statement and make any comments.

1. Introduction

- 1.1 Warwickshire Pension Fund maintains a Governance Compliance Statement in compliance with best practice principles.
- 1.2 From April 2015 the governance structure of the fund has changed following the introduction of the new Local Pension Board, this revised Governance Compliance Statement incorporates these changes.
- 1.3 Further amendments to the Statement have taken place to reflect the arrangements in place between with Staff and Pensions Committee and the dissolving of the Pension Fund Consultative Panel.

2. The Governance Compliance Statement

- 2.1 The Governance Compliance Statement requires LGPS funds to demonstrate their compliance (or non-compliance) with best practice principles. These are contained in statutory guidance which is not mandatory but there is an obligation to comply unless there is a good reason not to do so. This approach is termed as “comply or explain”.

3. Contents of the Governance Compliance Statement

- 3.1 The Governance Compliance Statement must include the following information:
 - The delegation arrangements (from the administering authority to a Committee and/or officers).
 - The frequency of any meetings, terms of reference, structure and operational procedures of the delegation.
 - Whether the committee or sub-committee includes representatives of employing authorities (including non LGPS employers) or members, and if so, whether those representatives have voting rights.

3.2 In addition to the above, the Statement must:

- State the extent to which a delegation complies with the Department of Communities and Local Government (CLG) guidance.
- Where the statement does not comply with the guidance, the reason for the non-compliance.

3.3 In summary, the Governance Compliance Statement covers various governance issues: namely, structure, representation, the selection and role of lay members, voting, training/facilities/expenses, meetings (frequency and quorum), access to information and papers, scope and publicity.

3.4 Warwickshire's statement is included as **Appendix A** to this report.

Background Papers

None

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GOVERNANCE COMPLIANCE STATUTORY GUIDANCE

Principle	Warwickshire's Approach	Compliance
STRUCTURE		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Warwickshire County Council delegates the management of the Warwickshire Pension Fund to the Pension Fund Investment Sub-Committee (PFISC) who responsible for these areas under the terms of reference contained in the Council's constitution.	Comply
That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Warwickshire is compliant with these principles. The Local Pension Board ensures employers and scheme members have equal and fair representation.	Comply
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Minutes of the PFISC and Local Pension Board meetings are made freely available.	Comply
That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	The PFISC consists of County Councillors only.	Explain

Principle	Warwickshire's Approach	Compliance
REPRESENTATION		
<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g., admitted bodies); 	<p>There are three employer positions on the Local Pension Board representing the administering authority, major precepting employers and a member representing remaining admitted and scheduled bodies.</p>	<p>Comply</p>
<ul style="list-style-type: none"> • scheme members (including deferred and pensioner scheme members); 	<p>The Local Pension Board has two members from trade unions who must demonstrate their commitment to each type of scheme member.</p>	<p>Comply</p>
<ul style="list-style-type: none"> • independent professional observers; and 	<p>The PFISC employs an independent consultant who is an experienced ex chief executive of an investment house. The investment consultant is also present at all PFISC meetings.</p>	<p>Comply</p>
<ul style="list-style-type: none"> • expert advisors (on an ad hoc basis). 	<p>Expert advisers attend the Local Pension Board as required depending on the nature of the decisions to be taken. For example, the actuary attends when the valuation is being considered and the investment consultant attends when strategic asset allocation decisions are being discussed.</p>	<p>Comply</p>
<p>That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	<p>All members are treated equally in terms of access to papers and to training that is given as part of the Board processes. The Local Pension Board members are duty bound to have the skills to sit on the board and given training and support.</p>	<p>Explain</p>

Principle	Warwickshire's Approach	Compliance
SELECTION AND ROLE OF LAY MEMBERS		
That Board or Panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	PFISC and Local Pension Board members are given initial and ongoing training to support them in their role	Comply
VOTING		
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Warwickshire is fully compliant with this principle. Most decisions are reached by consensus, but voting rights remain with councillors because the Council retains legal responsibility as the administering authority. The Local Pension Board has its own voting system and must be independent from the PFISC.	Comply
TRAINING/FACILITY TIME/EXPENSES		
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	This falls within the County Council's normal approach to member expenses. The Chair of the Local Pension Board receives an allowance and expenses but the remainder of the Board will not receive expenses.	Comply
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	The policy applies equally to all elected members of the PFISC.	Comply

MEETINGS (FREQUENCY/QUORUM)		
That an administering authority's main committee or committees meet at least quarterly.	Warwickshire is fully compliant with this principle by holding quarterly and special appointment meetings.	Comply
That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	The Local Pension Board meet twice yearly.	Comply
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	The Pension Fund holds an annual meeting in November each year to which all key stakeholders are invited.	Comply
ACCESS		
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Certain papers involving confidential information are held to be exempt from the usual distribution process.	Explain
SCOPE		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Warwickshire is fully compliant with this principle by bringing investment issues to the PFISC and benefit issues to both the Local Pension Board and Staff and Pensions Committee. A business plan is approved each year.	Comply

PUBLICITY		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Warwickshire is fully compliant with this principle by publishing statements in the Annual Report and on its website.	Comply