

Corporate Governance Policy Statement

WARWICKSHIRE

pension fund

Version: 2

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Team: Warwickshire Pension Fund

Introduction

Warwickshire County Council (the Council) is the administering authority for the Warwickshire Pension Fund (the Fund).

This statement has been prepared to set out the governance arrangements for the Fund as required by Part 2 (Administration) Regulation 55 and Part 3 (Governance) Regulation 106 of LGPS Regulations 2013.

This statement has been prepared having regard to relevant statutory guidance. References in this document to the constitution are references to the constitution of the Council:

<https://www.warwickshire.gov.uk/democracy/constitution-corporate-governance>

Purpose of this Governance Statement

Administering authorities are required, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out:

- whether it delegates its functions, or part of its functions, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority.
- The terms of reference, structure, and operational procedures of the delegation.
- The frequency of any committee/sub-committee meetings.
- Whether the committee/sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members and, if there are such representatives, whether they have voting rights.
- The extent to which delegation, or the absence of a delegation, complies with guidance by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.
- Details of the terms, structure and operational procedures relating to the Local Pension Board.

Governance of the Fund

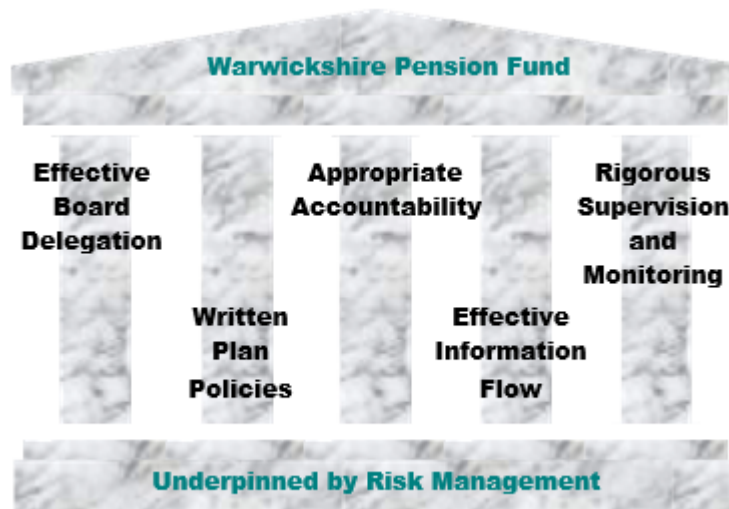
Overall responsibility for managing the Fund lies with the Council in its role as administering authority.

Under the constitution, delegations for the management, administration and investment of the Fund are made to the Staff and Pensions Committee (which has delegated functions to the Pension Fund Investment Sub-Committee (PFISC)) and

the Strategic Director for Resources (the Council's s151 Officer), their Deputy and their staff.

In all areas of the governance structure, the seven principles of public life (the Nolan Principles) are widely acknowledged and practiced, both within the decision-making framework and within day-to-day activities.

The Council, with its advisers, has identified the following key areas (the "five principles") to support its overall governance framework.



The governance framework focuses on:

- The effectiveness of the Staff and Pensions Committee, PFISC and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies.
- Whether policies are established and to what degree they are recorded.
- Clarity of areas of responsibility between officers and Committee members.
- The ability of the Staff and Pensions Committee, PFISC and officers to communicate clearly and regularly with all stakeholders.
- The ability of the Staff and Pensions Committee, PFISC and officers to ask for the appropriate information and advice and to interpret that information in their supervision and monitoring of the Fund in all areas.
- The management of risks and internal controls to underpin the framework.

Staff and Pensions Committee

Under the terms of the constitution, the functions of the Council as administering authority of the Pension Fund are delegated to the Staff and Pensions Committee.

The Role of the Staff and Pensions Committee with regard to the Fund is:

- Establishing the Pension Fund Investment Sub-Committee.
- Approving the admission of employing organisations to the Fund where there is discretion to do so
- Approving the Fund's pension discretions policy
- Dealing with any other administrative and governance matters arising about local government pensions

The Staff and Pensions Committee is made up of six councillors appointed proportionately to the representation of groups and individual members on the Council.

The rules of procedure of the Staff and Pensions Committee are set out in Warwickshire County Council's Standing Orders which are contained in Part 3 of the constitution.

Pension Fund Investment Sub-Committee (PFISC)

The terms of reference of PFISC are to oversee pension fund investments, management of the Fund, in particular:

- Setting of the appropriate funding target
- Maintaining the Funding Strategy Statement
- setting of an appropriate investment strategy
- selection of investment managers
- setting of performance benchmarks and regular monitoring of performance
- maintaining the Statement of Investment Principles.
- maintaining the Communications Policy
- maintaining the Risk Register
- reporting on annual accounts to full Council

Membership of the PFISC is five councillors allocated proportionately to the representation of groups and individual members on the Council.

The rules of procedure of the PFISC are set out in Warwickshire County Council's Standing Orders which are contained in Part 3 of the constitution.

Local Pension Board

Warwickshire County Council has established a Local Pension Board (LPB). The LPB is responsible for assisting the administering authority in securing compliance with all relevant legislation and directions, and the Pension Regulator's codes of practice.

The [full terms of reference of the Local Pension Board](#) can be found here.

Membership of the LPB is seven members to include:

- Three pension scheme member representatives
- Three employer representatives
- One independent representative, who chairs the LPB.

The Strategic Director for Resources

The Strategic Director for Resources and his staff are responsible for all matters of Fund administration, including:

- Implementing decisions of the Staff and Pensions Committee and PFISC
- recording each member's years of service and calculating benefits
- maintaining of appropriate contracts with advisers and service providers
- making payments out of the Fund
- communicating with members and stakeholders e.g. issuing benefit statements, annual newsletters, maintaining the Fund's website
- provision of membership data for actuarial valuation purposes.
- reconciliation and investment of contributions
- Implementation of investment strategy
- preparation of annual accounts

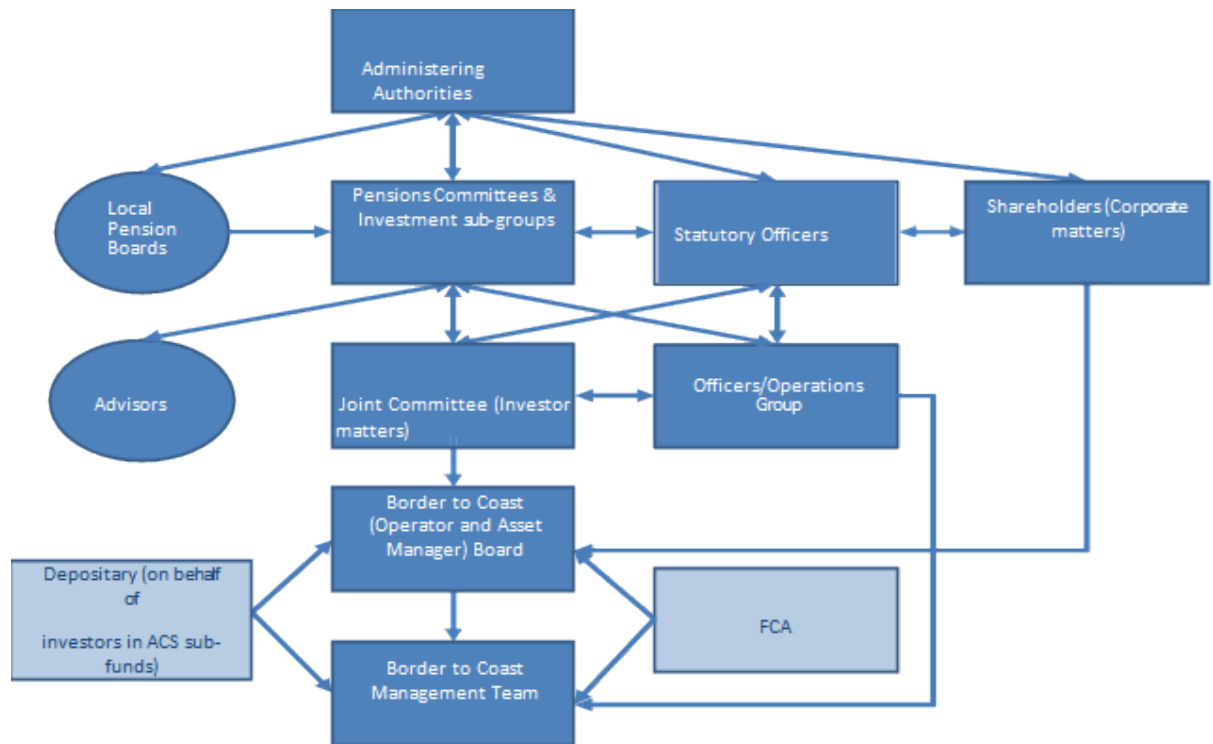
Asset Pooling (Border to Coast Pension Partnership)

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 formally introduced the concept of asset pooling. The Fund has joined with other LGPS funds across the country (partner funds) to form an asset pool, known as the Border to Coast Pension Partnership.

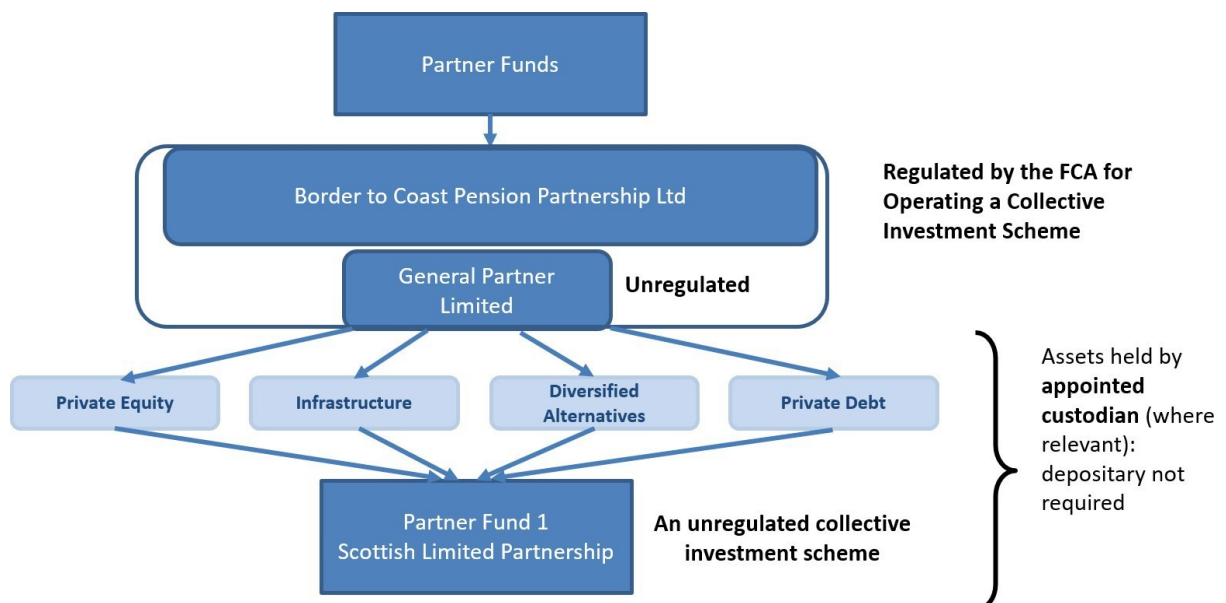
Border to Coast Pension Partnership is the company formed by the partner funds, which is authorised by the Financial Conduct Authority (FCA), as the operator of the Authorised Contractual Scheme (ACS) to provide investment services to the partner funds. The Company is therefore subject to the FCA's conduct of business rules and has established its internal governance framework to ensure strict adherence both to its regulatory obligations and with the Companies' Acts.

The councils of each of the partner funds retain their core duties and responsibilities as the administering authorities of their respective LGPS funds. Asset allocation decisions remain with the partner funds. Manager selection for assets transitioned into the ACS and for assets managed under discretionary agreements by the operator is the responsibility of the Boarder to Coast Investment Partnership. Manager selection for the remainder of the pool's assets currently remains with the partner funds. The operator is responsible for selecting the custodian for the assets in the ACS; the partner funds are responsible for selecting the custodian for the remaining assets.

The following diagram shows the governance structure in place to ensure that appropriate oversight of Border to Coast Investment Partnership is carried out both from a shareholder (the partner funds) and an investor perspective.



Oversight of the Border to Coast private market structure differs from that of the Border to Coast Authorised Contractual Scheme (“ACS”) as set out in the diagram below (we have chosen to show one of the GP/LP structures for simplicity, in reality each Partner Fund investing in private market via Border to Coast has its own GP/LP structure)



Training

The Fund recognises the importance of ensuring that all staff and members charged with financial management and decision making concerning the Pension Scheme are equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. The Fund's training policy is available to the Policy Page of our [website](#).

Officers regularly review the Fund's training policy to ensure that all stakeholders are well equipped to carry out their duties as effectively and efficiently as possible.

The training policy applies to:

- Pension fund officers and managers
- Members of the Staff and Pensions Committee and PFISC
- Members of the Local Pension Board

New members are offered training upon induction and there is an annual training cycle. The Fund provides training to the Staff and Pensions Committee and PFISC during committee meetings including presentations on topical issues, such as hedge funds, private equity, actuarial valuations, infrastructure etc.

Governance Compliance Statement

Principle	Explanation of Approach	Compliance
A - 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.	As detailed above, the overall responsibility for matters relating to local government pensions is clearly delegated to the Staff and Pensions Committee which delegates certain matters to the PFISC	Full
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.	The executive committees are populated by elected members and a high priority part of their role is to have regard to members' interests. The Local Pension Board has scheme employer and member representatives and has access to the public papers of the committees	Please refer to the explanation of approach
That where a secondary committee or panel has been established, the structure	All of the membership of PFISC (except the Chair) are members of the Staff and Pensions Committee. Both Committees	Full

ensures effective communication across both levels.	meet quarterly. The public papers of both Committees are presented to the Local Pension Board.	
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.	See above	Full
B 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, eg, admitted bodies); • scheme members (including deferred and pensioner scheme members), • where appropriate, independent professional observers, and • expert advisors (on an ad-hoc basis). 	<p>Two independent financial advisers sit on the PFISC.</p> <p>Representatives from the financial consultancy firm attends PFISC.</p> <p>Actuaries and other experts attend committee meetings as required.</p>	<p>Partial</p> <p>Please refer to the explanation of approach under 'Structure' above.</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>Formal committees do not include lay members. Such interests are represented on the Local Pension Board.</p> <p>A training plan has regard to the training needs of the committees and Local Pension Board. All members have access to this training once needs are identified.</p>	Full

C Selection and role of lay members		
That committee 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.	The elected members are aware of their status, role and function which are set out in the constitution, and which are covered as part of the induction training.	Full
That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda	This forms part of every meeting agenda.	Full
D 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.	Members of the Staff and Pensions Committee and PFISC have full and equal voting rights. The Local Pension Board is expected to operate on a consensus basis but where a vote is necessary, each member other than the independent member has equal voting rights.	Full
E 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.	Training is referred to above. This falls within the Council's normal approach to member expenses.	Full

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 policies apply equally to all members.	Full
F Meetings		
That an administering authority's main committee or committees meet at least quarterly.	The Staff and Pensions Committee meets quarterly	Full
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 PFISC meets quarterly Where possible the Staff and Pensions Committee and PFISC meets on the same day. The Local Pension Board meets quarterly (usually six weeks after the committee meetings)	Full
That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	Such interests are represented on the Local Pension Board	Full
G Access		
That subject to any rules in the councils 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.	Members of the Staff and Pensions Committee and PFISC have full and equal access.	Full
H Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Updates concerning wider issues affecting pensions schemes form part of the information that is reported to committees. A monthly update	Full

	is also emailed to committee and LPB members as well as senior officers	
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I 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.	All public papers are published online. Where there are vacancies on the Local Pension Board, the Fund will contact scheme employers and publish vacant positions within the member newsletters. The work of the Local Pension Board is advertised on the Fund's website and all meetings are open to the public.	Full

Review

This Policy Statement will be reviewed on an annual basis, considering any alterations to the Committees and changes to national LGPS guidelines.