Worcestershire Pension Fund

Proposed Terms of reference for the Pensions Committee and Pension Investment Sub Committee

16 May 2019
1. **Pensions Committee Terms of Reference:**

1.1. The Pensions Committee will meet at least quarterly or otherwise as necessary to take decisions on:

- Changes to the Investment Strategy Statement, including the strategic benchmark for asset allocation, Investment Manager benchmarks and Investment Manager targets.
- Transition of investments to LGPS Central or other Pooling arrangements
- The termination and appointment of Investment Managers and associated professional service providers.
- The termination and appointment of the Fund’s Independent Financial Adviser, Performance Measurement Consultant, Global Custodian and Actuary.
- The Triennial and Interim Actuarial Valuations.
- The approval of the Pension Fund Annual Report and Accounts.
- The approval of the Pension Fund annual and triennial budgets.
- Key outstanding risks as identified in the Pension Fund Risk Register.
- The Pension Administration Advisory Forum arrangement and regular Forum reports, which consider and address outstanding member and employer issues and concerns.
- The Pension Investment Sub Committee arrangement and regular Sub Committee reports, which monitor performance of the Fund’s assets.
- Requests for admission of qualifying Community and Transferee Bodies wishing to join the Fund.
- Key pension policy discretions that are the responsibility of the Administering Authority.

1.2. All elected members and voting co-optees of the Pensions Committee are subject to the Worcestershire County Council Code of Conduct for Members, and must therefore register and keep updated their Disclosable Pecuniary Interests as required by the law and Code and disclose potential conflicts of interest as required by that Code.

1.3. Members of the Pensions Committee are expected to hold the appropriate knowledge and skills to discharge their responsibility effectively.

1.4. The responsibility for advising the Pensions Committee is delegated to the Chief Financial Officer.
1.5. Members of the Pensions Committee have equal access to Pensions Committee agenda papers and associated appendices in accordance with the legislation and constitutional Rules relating to access to information for committees. Formal meetings of the Committee will take place in public unless it has resolved to move into exempt session in accordance with the applicable access to information provisions.

1.6. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 formally introduced the concept of asset pooling. Over time, as assets move into pooled structures the Pensions Committee will also become responsible for:

- The selection, appointment and dismissal of an investment pooling operator to manage the assets of the Fund;
- Determining what the administering authority requires the pool to provide to enable it to execute its local investment strategy effectively;
- Receiving and considering reports and recommendations from the Joint Committee and Practitioners Advisory Forum, established to oversee the pool, to ensure that the Fund’s investor rights and views are represented effectively;
- Identifying and managing the risk associated with investment pooling;
- Ensuring that appropriate measures are in place to monitor and report on the ongoing costs of investment pooling; and
- Ensuring the responsible investment, corporate governance and voting policies of the Fund are delivered effectively.

2. Worcestershire County Council Pension Investment Sub Committee (ISC)

2.1 The role of the Worcestershire County Council Pension Fund Investment Sub-Committee shall be to consider, in detail matters relating to the investment of the assets within the strategic investment framework and performance of investment managers in achieving the Fund’s investment objectives.

2.2 The Council appoints the Chairman and Vice-Chairman of the Pension Investment Sub Committee. The Chairman of the particular meeting has a second or casting vote in the case of equality of votes.

2.3 The Pension Investment Sub Committee is a formal committee of the Council and comprises a total of 4 voting members:

- 3 Worcestershire County Councillors
- 1 co-opted Councillor as nominated by Herefordshire Council (being the second largest employer in the Fund)
  Non-voting

Non-Voting
- 1 co-opted employee representative from a relevant Union.

2.4 The 3 County Councillor members are formally appointed by the Head of Legal and Democratic Services in accordance with political balance requirements from
time to time and the nominations of the relevant Group Leaders and the co-optees are co-opted by the Chairman of the Committee.

2.5 The ISC will be advised by an Independent Financial Adviser who will attend all meeting and on an ad hoc basis by the Fund's Actuary

2.6 The composition of the Pension Investment Sub Committee is intended to reflect the abilities and knowledge of the individuals in matters relating to the investment of the Fund's assets rather than political representation. Apart from the employee representative from a relevant union, members of the Sub Committee are entitled to vote if necessary for the Panel to fulfil its role and provide advice to the Pensions Committee regarding the administration of the fund's assets.

2.7 The responsibility for advising the Pension Investment Sub Committee is delegated to the Chief Financial Officer.

Terms of reference:

2.8 The role of the Worcestershire Pension Fund Investment Sub-Committee shall be to consider, in detail matters relating to the investment of the assets within the strategic investment framework and performance of investment managers in achieving the Fund’s investment objectives.

2.9 The ISC may also be occasionally requested to by the Pensions Committee to undertake research and report back on a specific investment areas.

2.10 All decision taken and recommendations will be reported back to the next available ordinary meeting of the Pensions Committee in the form of the minutes of the ISC.

2.11 The ISC, will be responsible for:

   a. Reviewing strategic and emerging opportunities outside the strategic asset allocation and make recommendations to the Committee.
   b. Reporting regularly to Committee on the performance of investments and matters of strategic importance.
   c. Monitor investment managers' investment performance and recommend decision to terminate mandates on performance grounds to Committee.
   d. Monitor the Transition of investments to LGPS Central or other Pooling arrangements
   e. Researching and providing a report back to the Pensions Committee on any specific investment areas requested.

The ISC will have delegated authority to:

   f. Approve and monitor tactical positions within strategic allocation ranges.
   g. Implement investment management arrangements in line with strategic policy including the setting of mandate parameters and the appointment of managers.
   h. Approve amendments to investment mandates within existing return and risk parameters.
   i. Delegate specific decisions to officers as appropriate.
2.12 The ISC would meet quarterly ahead of the main Committee meetings to review manager performance and make decisions within the strategic asset allocations agreed.

2.13 The ISC is advised by an Independent Financial Adviser who attends all meetings and on an ad hoc basis by the Fund's Actuary.

2.14 One of the regular quarterly meetings will include an annual meeting to consider the Fund's full year's performance.

2.15 The Fund’s Investment Strategy Statement (ISS) sets out the arrangements in place for the management of the investments of the Worcestershire Pension Fund.

2.16 The day to day management of the Fund’s investments is divided between external Investment Managers, operating in accordance with mandates set out in the Investment Strategy Statement.

2.17 The Chairman of the Investment Sub Committee will attend the Pension Committee to ensure flow of information between the 2 bodies.

2.18 Members of ISC must not have a conflict of interest and are required to provide the Chief Financial Officer with such information as the Chief Financial Officer reasonably requires for the purposes of ensuring no conflict of interest exists prior to appointment to the ISC and on an ongoing annual basis.

2.19 Members of the ISC are required to hold the appropriate knowledge and skills to discharge their responsibility effectively.