

PENSIONS COMMITTEE
16 MARCH 2021**WORCESTERSHIRE PENSION FUND (WPF) GOVERNANCE**
POLICY REVIEW

Recommendation

1. **The Chief Financial Officer recommends that:**
 - a) **The Committee recommends to Council that the draft Terms of Reference for the Pension Committee as set out in Appendix 1 be agreed; and**
 - b) **The revised and updated Governance Policy Statement attached as Appendix 2 be approved.**

Review of Governance Arrangements

2. The Committee, the LGPS and the Fund fall under the responsibility of the Pension Regulator and must therefore adhere to their own codes of practice. This Fund continues to be subject to scrutiny at a national level from the Scheme Advisory Board along with its own Local Pensions Board.
3. Strong governance of the Pension Fund has always been paramount, and a detailed review of the Funds governance arrangements and Governance Policy statement was reported to Committee in March 2019.
4. A further report to Committee on the 16 October 2019 detailed two reviews by the Scheme Advisory Board (SAB) and the Pension Regulator looking at how to strengthen governance following the collapse of several private sector funds. This alongside the set-up of the pension pools and pressures to maintain balanced funds highlighted the need to maintain the strong governance of LGPSs had never been more important.
5. The report set out below a series of proposals which have since been implemented:
 - a) The strengthening of the Pension Board.
 - b) Taking on board the findings of the Scheme Advisory Board (SAB) 'Good Governance' review and producing Worcestershire Pension Fund 'Good Governance' position statement.
 - c) The setting of objectives for the Fund's Investment Advisor; and
 - d) Both 5(b) & (c) are reviewed and reported every 6 months and provided to the Pensions Committee in December 2020**
6. This element of the governance review looks at the Governance Policy which was last updated in June 2020 for some minor changes within the Funds 2019/20 annual report.

Governance Policy Background

7. Regulation states, and best practice dictates, that a Pension Fund should have a range of written policies and procedures in place. Having such, not only proves regulatory compliance, but more importantly demonstrates good governance and provides a range of information to stakeholders. This report provides an update to the Governance Policy Statement.

Governance Policy Statement

8. **Regulation 55** of the Local Government Pensions Scheme Regulations 2013 states: 55. - (1) An administering authority must prepare a written statement setting out-

- a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee, or an officer of the authority.
- b) if the authority does so:
 - i. the terms, structure, and operational procedures of the delegation,
 - ii. the frequency of any committee or sub-committee meetings,
 - iii. whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
- c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.
- d) Details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment).
- e) An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.
- f) Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate; and
- g) An administering authority must publish its statement under this regulation, and any revised statement.

9. The latest version attached as Appendix 2 has been reformatted slightly and has been updated to reflect some required changes to the Pensions Committee Terms of Reference (Appendix 1) and further minor alterations which are highlighted in **'yellow'** for ease of reference. These are due for the need of the Pensions Committee to be clearer on reviewing the Fund's risks, Responsible Investment, and the Investment Advisor objectives. As the statement reflects the actual Governance arrangements in place, no wider consultation is considered necessary.

Contact Points

Specific Contact Points for this report

Nick Weaver, Interim Pensions Manager
Tel: 01905 766215
Email: NWeaver@worcestershire.gov.uk

Rob Wilson
Pensions Investment, Treasury Management & Capital strategy manager
Tel: 01905 846908
Email: RWilson2@worcestershire.gov.uk

Supporting information

Appendix 1 - Revised Terms of Reference for the Pensions Committee.
Appendix 2 – Updated Governance Policy Statement

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer). There are no background papers relating to the subject matter of this report.