

Pension Committee

10 June 2015

4. PENSION FUND GOVERNANCE ARRANGEMENTS

Recommendation

1. The Chief Financial Officer recommends that:
 - a) the updated Pension Fund Governance Policy Statement be noted;
 - b) the Pension Committee Terms of Reference be noted;
 - c) the Pension Board Terms of Reference be noted;
 - d) the extended Pension Fund Scheme of Delegation be endorsed; and
 - e) the arrangements for appointing the Chairman of Pension Investment Advisory Panel be noted.

Background Information

2. The Scheme decision-making and management role prior to 1 June 2015 was undertaken by the Chief Financial Officer, supported by a Shadow Pension Committee. Although it was not *required* as part of the change in governance arrangements, it was recommended to Council that formal decision-making is carried out by a Pensions Committee. This recommendation was intended to bring the governance arrangements of the pension fund in line with best practice, as recommended by the fund's external auditors. The Pension Committee is a formal committee of the Council, subject to the usual rules of political balance and access to information.

3. The new Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 required an Administering Authority to establish a local Pension Board by 1 April 2015. The Board will be responsible for:

Council Approved Pension Fund Governance Arrangements

- assisting the Council to comply with legal obligations relating to the Scheme and any requirements imposed by the Pensions Regulator
- assisting the Council to ensure the effective and efficient governance and administration of the scheme.

The Board will undertake an oversight role and will **not be** responsible for decision-making in relation to the management of the Scheme or the discharge of the Council's functions.

4. On 12 February 2015 Council approved the following recommendations proposed by the Head of Legal and Democratic Services and Chief Financial Officer:

- a) a Pensions Committee be established to discharge the responsibilities of the Council as Administering Authority of the Pension Scheme from the Annual Meeting 2015;
- b) a Chairman and Vice-Chairman of that Committee be appointed at the Annual Meeting;
- c) with effect from 1 April 2015 a Pension Board be established to assist the Council in ensuring the effective governance and administration of the Pension Scheme;
- d) the Pension Fund Governance Policy Statement as set out at Appendix 1 be adopted;
- e) the arrangements including the terms of reference set out in Appendices 1 and 2 to this report for the purposes of pension fund governance be adopted with effect from 1 April 2015 (subject to the delegated authority of the Chief Financial Officer continuing until the Pension Committee is established); and
- f) the Head of Legal and Democratic Services be authorised to finalise and implement those arrangements as necessary to reflect the legislation when finally brought into effect, including appointing members to the bodies within the Policy Statement in accordance with the wishes of the relevant political Group Leaders where politically balanced.

Policy Statement and Terms of Reference

5. The attached appendices set out the terms of reference and governance arrangements by which the Administering Authority will carry out these functions. Appendix 1 is a Governance Policy Statement.

Scheme of Delegation

Particular reference is made in Appendix 2 to the Local Pension Board and its Terms of Reference.

6. The Governance Policy Statement set out in Appendix 1 provides detail of the pension fund related tasks and actions delegated to the Chief Financial Officer by Council, however the proposed Scheme of Delegation detailed in Appendix 3 extends these tasks and actions to ensure the efficient operation of the fund.

Chairman of the Pension Investment Advisory Committee

7. The Pension Investment Advisory Panel will provide the Pension Committee with strategic advice concerning changes to the Fund's asset allocation, the termination and appointment of Investment Managers and Independent Financial Advisers. It is not a decision-making body or formal committee, and will not normally meet in public. Point 5.2 of the pension fund Governance Policy Statement requires the Chairman of the Pension Investment Advisory Panel to be appointed from amongst its members by the Chairman of the Pension Committee.

Supporting Information

- Appendix 1 - Pension Fund Governance Policy Statement
- Appendix 2 - Pension Board Terms of Reference
- Appendix 3 - Pension Fund Scheme of Delegation (To follow)

Contact Points

County Council Contact Points
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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 the report.