

# Agenda

## *PENSION FUND COMMITTEE*

**Date:** Monday 25 November 2019  
**Time:** 2.30 pm  
**Venue:** Mezzanine Room 1, County Hall, Aylesbury

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<b>5 GOVERNANCE COMPLIANCE STATEMENT</b>	<b>3 - 12</b>

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

*For further information please contact: Anne-Marie Kenward on 01296 387006, email: [klcollier@buckscc.gov.uk](mailto:klcollier@buckscc.gov.uk)*

### **Members**

Mr J Chilver (C)  
Mr R Bagge  
Mr T Butcher  
Mr C Harriss  
Mr N Hussain  
Mr D Martin (VC)  
Mr M Barber, Thames Valley Police  
Mr J Gladwin, District Council representative  
Mr N Miles, Milton Keynes Council



# Pension Fund Committee

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**Title:** Governance Compliance Statement

**Date:** Monday 25 November 2019

**Author:** Mark Preston, Head of Finance - Pensions, Investments & Projects

**Contact officer:** Claire Lewis-Smith, 01296 383424

**Local members affected:** N/A

*For press enquiries concerning this report, please contact the media office on 01296 382444*

## Summary

Regulation 55 of the Local Government Pension Scheme (LGPS) 2013 requires an administering authority to prepare a governance compliance statement. This statement must be kept under review and any appropriate revisions made.

Attached at Appendix 1 is the revised Governance Compliance Statement. This revision combines the content of the previous Governance Compliance Policy and Governance Compliance Statement as the LGPS Regulations only require a Governance Compliance Statement to be formulated and published. The Statement details whether the authority delegates its functions and if so, the terms, structure and operational procedures of the delegation, along with the frequency of meetings and voting rights. It also details the terms, structure and operational procedures of the local pension board. It also provides a summary of the Fund's compliance with recommended good practice. The Statement is used in conjunction with other statutory documents such as the pension fund annual report and audit report, as evidence that the Fund has robust governance in place.

## Recommendation

**The Committee is asked to APPROVE the Governance Compliance Statement.**

**Supporting information to include the following if a decision is being requested:**

**Resource implications**



None

### **Legal implications**

Regulation 55 of the LGPS Regulations 2013 requires review of the Governance Compliance Statement and it is reviewed annually. Further revision will take place prior to the annual review next year to incorporate the future Committee structure of Buckinghamshire Council.

### **Other implications/issues**

None

### **Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

N/A

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### **Background Papers**

<http://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#r55>

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**Buckinghamshire County Council Pension Fund  
Governance Compliance Statement  
November 2019**



## **1. Introduction**

- 1.1 This is the governance compliance statement which sets out the Council's arrangements (in its capacity as administering authority of the Buckinghamshire Pension Fund), for discharging its responsibilities in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013.
- 1.2 Regulation 55 of the LGPS Regulations 2013 requires an administering authority to prepare and publish a governance compliance statement. It should cover whether the administering authority delegates its functions in relation to the pension fund to a committee, a sub-committee or an officer of the council; and where this is the case, details of:
- the terms, structure and operational procedures of the delegation
  - the frequency of any committee or sub-committee meetings
  - whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
  - 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; and
  - details of the terms, structure and operational procedures relating to the local pension board.

### **Pension Fund Committee**

## **2 Governance Arrangements**

- 2.1 Under the terms of the Council's Constitution, the functions of the Council as administering authority of the Pension Fund are delegated to the Pension Fund Committee and are excluded from the delegation of authority to the Cabinet and other Committees.
- 2.2 The Pension Fund Committee consults within their advisory framework and with the Head of Finance – Pensions, Investments & Projects before making decisions within the scope of their delegated powers. The Committee receives professional advice from an investment consultant and an independent adviser on investment strategy and other investment matters.
- 2.3 The Pension Fund Committee are responsible for administering, investing and managing the Fund. The Terms of Reference for the Pension Fund Committee are to agree:
- the overall investment objective for the Fund;
  - the Fund's Investment Strategy Statement;
  - the Fund's asset allocation policy;
  - the appointment of firms to provide investment and actuarial advice to the Fund; and,
  - any other matters relating to the management and investment of the Pension Fund, as requested.

Terms of reference are available on the Council's website at:

<https://www.buckscc.gov.uk/media/4510769/council-constitution.pdf>

- 2.4 The Chairman reports annually to the Cabinet and the Council on the discharge of the Committee's delegated responsibility and the performance of the Fund.

- 2.5 The Pension Fund Committee meets five times a year. At four of the meetings the Committee receives a report on the investment performance of the fund in the quarter, the fund's longer term performance. Its members act in a quasi-trustee capacity and consequently, no substitutions are permitted.
- 2.6 The membership of the Pension Fund Committee is:
- Six elected members from Buckinghamshire County Council
  - One elected member from Milton Keynes Council
  - One elected Police and Crime Commissioner (PCC) or Deputy PCC member from Thames Valley Police
  - One elected member chosen by the four district councils in Buckinghamshire

### **3. Functions and Responsibilities**

- 3.1 The Pension Fund Committee approves the Pension Fund's Funding Strategy, the Investment Strategy Statement, the Governance Compliance Statement, Pension Administration Strategy, and the Communications Policy. Other key responsibilities of the Committee include:
- Policy approval
  - Appointing Advisers and monitoring Fund performance
  - Monitoring Scheme Governance
- 3.2 The Funding Strategy sets out the aims and purpose of the Fund and the responsibilities of the administering authority as regards funding the scheme. Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires an authority to formulate, publish and maintain an Investment Strategy Statement.
- 3.3 The Investment Strategy Statement required by Regulation 7 must include:-
- (a) a requirement to invest money in a wide variety of investments;
  - (b) the authority's assessment of the suitability of particular investments and types of investments;
  - (c) the authority's approach to risk, including the ways in which risks are to be measured and managed;
  - (d) the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
  - (e) the authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
  - (f) the authority's policy on the exercise of rights (including voting rights) attaching to investments.
- 3.4 The Investment Strategy Statement must also set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment.
- 3.5 The Communications Policy details the overall strategy for involving stakeholders in the Pension Fund. The Pension Fund also has a Breaches of Law Policy. Additionally, an administering authority discretions document has been developed stating those discretions found within the scheme that it has adopted. All documentation is published at [www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)

3.6 The Pension Administration Strategy is an important tool in managing and improving the administrative performance of the Fund. It formally sets out the requirements of both Buckinghamshire County Council as the administering authority and participating employers/third party payroll providers in the Fund in a single document within one framework. A formal review is undertaken every three years.

### **Local Pension Board**

## **4. Governance Arrangements**

4.1 The purpose of the Local Pension Board is to assist the administering authority in its role as a scheme manager of the Scheme. This covers all aspects of governance and administration of the LGPS, including funding and investments. Such assistance is to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and any requirements imposed by the Pensions Regulator in relation to the Scheme. The Board must also ensure the effective and efficient governance and administration of the Scheme and help the administering authority, including undertaking work requested by the administering authority.

4.2 The Local Pension Board meet four times a year. Substitutions are not permitted.

4.3 The membership of the Local Pension Board is:

- Four Scheme employer representatives
- Four Scheme member representatives

Details of the Local Pension Board's membership, Terms of Reference, Code of Conduct Policy, Conflicts Policy and Knowledge and Understanding Framework are available on the Council's website at:

<https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/buckinghamshire-pension-board/>

## **5. Stakeholder Engagement**

5.1 A triennial meeting of the Pension Fund, called the 'Pensions General Meeting', is held in December in the year of the Fund valuation (the year prior to when the revised contribution rates from the valuation are due to come into effect), to which all employer representatives and scheme members are welcome. The purpose of the meeting is to report on investment performance and current issues of concern to the Fund stakeholders.

5.2 Mechanisms used to involve stakeholders include:

- Communication with Scheme employers
- Dedicated Employer Liaison Officers and Communications Officer
- Training Events
- Meetings with the Actuary and the Auditors
- Meetings with Advisors
- Meetings with Brunel Pension Partnership
- Buckinghamshire Finance Officers meetings
- The annual report for the Pension Fund
- Scheme member newsletters/updates



## **6. Review and Compliance with Best Practice**

- 6.1 This statement will be kept under review and will be revised and published annually or following any material change in the Governance Policy Statement of the Pension Fund.
- 6.2 The Pension Fund is regularly audited and no material findings have arisen from either our internal or external auditors.
- 6.3 The Council recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

It therefore seeks to utilise individuals who are both capable and experienced and it will provide/arrange training for staff and members of the pension fund's decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

- 6.4 The Regulations require a statement as to the extent to which the governance arrangements comply with guidance issued by the Secretary of State. This statement is confirming that all the above mentioned mechanisms are in place and are effective and embedded. Any breach will be reported to the Chairman of the Pension Fund Committee. A summary of our compliance with recommended good practice is outlined below.

**Responsible Officer:** Claire Lewis-Smith, Pensions Administration Manager

Good Practice Requirement	Met/Not Met	Evidence
<b>Structure</b>		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Met	Pension Fund Committee (PFC) Terms of Reference
That representatives of LGPS Scheme employers 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.	Met	PFC Terms of Reference and Buckinghamshire Pension Board (BPB) Terms of Reference
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Met	PFC meets five times per year and BPB meets four times per year. BPB minutes are on the PFC agenda and vice-versa
<b>Representation</b>		
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - i) Scheme employers (including non-local government employers, e.g. admitted bodies); ii) Scheme members (including deferred and pensioner scheme members), iii) Independent professional observers, and iv) Expert advisors (on an ad-hoc basis).	Met	Key stakeholders on PFC or BPB as per Terms of Reference  i) PFC and BPB ii) BPB iii) PFC and BPB iv) PFC and BPB
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.	Met	All PFC members and advisers get all papers except where it concerns them.  BPB members are provided with relevant training as required under The Pensions Regulator's Code of Practice 14
<b>Selection and role of lay members</b>		
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.	Met	This is set out in the Committee's terms of reference.

Good Practice Requirement	Met/Not Met	Evidence
<b>Voting</b>		
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.	Met	Voting rights are not specifically noted in the PFC Terms of Reference. However under section 4 (Membership) there are 9 members and under section 4.5 it is noted that members have Quasi-Trustee status and therefore no substitutions are permitted. Section 4.6 confirms the Quorum is 4 members. BPB has 4 employer representatives and 4 scheme member representatives. The Terms of Reference confirms the Quorum is 4 Board members, comprising of at least 2 employer and 2 scheme member representatives. Substitutions are not permitted.
<b>Training/facility time/expenses</b>		
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.	Met	Training for PFC members is undertaken annually as detailed by the PFC training plan. This organisation has adopted the key recommendations of the <i>Code of Practice on Public Sector Pensions Finance Knowledge and Skills</i> . Reimbursement of Expenses is defined in BCC constitution.  Training for BPB members is undertaken in accordance with The Pensions Regulator's Code of Practice 14.
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.	Met	Reimbursement of expenses is defined in BCC Constitution.
<b>Meetings (frequency/quorum)</b>		
That an administering authority's main committee or committees meet at least quarterly.	Met	PFC Terms of Reference.
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.	Met	BPB Terms of Reference.
<b>Access</b>		
That subject to any rules in the council 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.	Met	Confirmed that this applies by Member Services.

Good Practice Requirement	Met/Not Met	Evidence
<b>Scope</b>		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Met	PFC forward plan requires Senior Pension officers to attend meetings to discuss and raise issues outside the usual scope of Pension Fund Investment.
<b>Publicity</b>		
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.	Met	All non-confidential agendas, papers and minutes are on BCC external website. There is a separate policies section on the website where all governance policies are available.