



Powys

**CRONFA BENSIWN
POWYS
PENSION FUND**

**GOVERNANCE POLICY AND
COMPLIANCE STATEMENT**

Last Reviewed 10th March 2017
Approved

GOVERNANCE POLICY & COMPLIANCE STATEMENT

In accordance with the requirements of regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended), this document sets out details of the delegation, management, operation and governance of the Powys Pension Fund. In addition, the Pension Fund's governance arrangements are compared to the best practice guidance issued by Communities and Local Government on 21st July 2008 (see Appendix D).

1. Constitutional Arrangements.

- 1.1 The Powys Pension Fund is a local government pension fund. The primary legal frameworks are the Superannuation Act 1972 and the Public Service Pensions Act 2013, with operational matters being set out in regulations made thereunder.
- 1.2 Powys County Council is the administering authority for the Powys Pension Fund. The governance arrangements of the County Council (including the Constitution, Financial Regulations and Contract Standing Orders) apply to the management of the Pension Fund. In addition, the administering authority is assisted by the Powys Pensions Board which was established under the Public Service Pensions Act 2013.

2. Scheme of Delegation.

- 2.1 Powys County Council delegates its functions in relation to maintaining the Pension Fund to the Pensions & Investment Committee and the Section 151 Officer, in accordance with Appendices A and B to this Statement.
- 2.2 Day-to-day decisions in respect of the management of the Pension Fund and investment decisions that are required to be taken before the next Committee, are delegated to the Section 151 Officer, in consultation with the Chair and Vice Chair of Pensions & Investment Committee.
- 2.3.1 Powys County Council will appoint the voting members of the Pensions & Investment Committee. The Committee will consist of 6 voting members (1 of which will be the Portfolio Holder for Finance); 1 non-voting member representing Pension Fund employers (elected by those Pension Fund employers); and, 1 non-voting member representing pension scheme members (nominated by the recognised trade unions).

- 2.3.2 The Pensions & Investment Committee will meet quarterly with special meetings and training workshops as necessary.
- 2.3.3 The Pensions & Investment Committee will be advised by the Council's Section 151 Officer, the Pension Fund's Investment Adviser (currently Aon Hewitt) and the Pension Fund's Actuary (currently Aon Hewitt).
- 2.3.4 Members of the Pensions & Investment Committee will be required to undertake training and demonstrate competency in accordance with the Knowledge & Skills Framework Policy (Appendix C).
- 2.3.5 The minutes of the Pensions & Investment Committee will be reported to the County Council.

3. Powys Pensions Board.

- 3.1 Powys County Council established a local pension board on 21st January 2015 in accordance with the requirements of the Public Service Pensions Act 2013.
- 3.2 Powys County Council will appoint the independent chair of the Pensions Board. The Board will consist of 4 voting members in addition to the independent chair; 2 members representing Pension Fund employers (nominated by those Pension Fund employers); and, 2 members representing pension scheme members (nominated by the recognised trade unions).
- 3.3 The Pensions Board will meet quarterly (after each meeting of the Pensions & Investment Committee), with special meetings and training workshops as necessary. Pension Board meetings are open to the public.
- 3.4 The Pensions Board will be advised by the Section 151 Officer and any other Council Officers and professional Advisers and Consultants, as may be required.
- 3.5 Members of the Pensions Board will be required to undertake training and demonstrate competency in accordance with the Knowledge & Skills Framework Policy (Appendix C).
- 3.6 The minutes of the Pensions Board will be reported to the Pensions & Investment Committee and published on the Pension Fund's website.

4. Consultation

- 4.1 The Pensions & Investment Committee will engage with stakeholders (including Pension Fund employers and trade unions) through the following:

- An annual general meeting for the main stakeholders.
- A triennial meeting between Pension Fund employers and the actuary to discuss the results of the actuarial valuation.

5. Review of this Statement

- 5.1 In accordance with the requirements of regulation 55(2) of the Local Government Pension Scheme Regulations 2013 (as amended), this Statement will be reviewed and published by Powys Pension Fund following any material changes.

6. Contacts

- 6.1 Any questions, queries or observations on this Statement should be addressed to:

Joe Rollin
Pension Fund Manager
Powys County Council,
County Hall,
Llandrindod Wells,
Powys
LD1 5LG

- 6.2 Further information about the Powys Pension Fund and the Local Government Pension Scheme, can be found on the Fund's website: www.powyspensionfund.org

Appendix A

Functions Delegated to Pensions & Investment Committee

Pension Administration Functions

To appoint the Pension Fund's Actuary;

To receive the triennial actuarial valuation and such other valuations that may arise from time to time and set employers' contribution rates arising therefrom.

To monitor and review the overall arrangements for the administration of the Local Government Pension Scheme (LGPS).

To respond to consultations in respect of the LGPS.

To undertake the following functions of the LGPS:

- To act as Scheme Trustees in relation to the Powys County Council Additional Voluntary Contributions (AVC) Scheme
- To exercise the discretionary powers available to an administering authority under the provisions of the LGPS regulations
- To develop, publish and review policies as required by the LGPS regulations.

Investment Functions

To determine long-term investment policy.

To approve the Council's Funding Strategy Statement and Statement of Investment Principles (this latter document is replaced from 1st April 2017 by the Investment Strategy Statement).

To review the Pension Fund's investment structure at least triennially, having regard to the Fund's liabilities and the advice of the Fund's Investment Adviser and the Section 151 Officer.

To appoint and dismiss investment managers, consultants and advisers.

To review investment performance at least once every 3 months.

To appoint the Fund's custodian for its assets and to periodically review custody arrangements.

To appoint the Performance Measurement Service for the Fund.

General

To approve the annual business plan.

To receive the annual accounts of the Pension Fund and any external audit comments related thereto;

To approve the Pension Fund Annual Report.

To receive internal audit reports on Pension Fund matters.

Appendix B

Functions Delegated to Section 151 Officer

Pension Administration Functions

To manage the administration of LGPS.

To undertake the following functions of the LGPS:

- Award of Death Grants in accordance with the Council's agreed policy.
- Ensure compliance with the Pensions Act 1995
- Ensure compliance with relevant Finance Acts, in particular the meeting of HMRC Reporting Requirements
- Ensure compliance with the Public Service Pensions Act 2013.
- Ensure compliance with the statutory requirements imposed by The Pensions Regulator.

Investment Functions

To undertake regular monitoring and reconciliation of investments and to report matters of significance to the Pensions & Investment Committee.

To undertake tendering exercises for Fund services and Investment Managers in accordance with the Council's overall governance arrangements and the Pensions & Investment Committee's instructions and to present the Committee with shortlists for appointment.

General

To produce the Fund's Annual Report & Accounts in accordance with proper practice.

To authorise, within limits, expenditure from the Fund.

To authorise cash or asset movements between the Council, the Fund, custodian and investment managers.

When necessary, the exercise of the Fund's voting rights by instruction to the investment managers and custodian, after consultation with the Chairman and Vice-Chairman of the Pensions & Investment Committee. The Pensions & Investment Committee has delegated the use of the voting rights attached to its shareholdings to the investment managers but retains a right to exercise those rights on its own account in exceptional circumstances.

The Section 151 Officer may authorise Officers in his service to exercise, on his behalf, functions delegated to him. Any decisions taken under this authority shall remain the responsibility of the Section 151 Officer and must be taken in his name and he shall remain accountable and responsible for such decisions.

Appendix C

Knowledge and Skills Framework Policy

1 Introduction

- 1.1 This document sets out the policy of the Powys Pension Fund in relation to the knowledge and skills requirements that it places upon those serving as members of either:
- The Powys County Council Pensions & Investment Committee (being the principal decision-making and management body for the Powys Pension Fund), or
 - The Powys Pension Board
- 1.2 Commitment to this policy is an obligation placed upon those concerned as part of the discharge of their duties; as a matter of best practice and good governance.

2 Knowledge and Skills Framework

- 2.1 The Powys Pension Fund has adopted the CIPFA Knowledge and Skills Framework, as set out in the Code of Practice on pensions, in partnership with the Pensions Regulator. The Framework provides a roadmap to the knowledge and skills that should be held by those involved in the management and governance of the Powys Pension Fund, who are not themselves pension professionals. Whilst the Regulator provides access to relevant study and training materials.
- 2.2 All relevant Members will be assessed against the criteria set out in the Framework, as soon as possible following their appointment. This will be done by the completion of a Member Training Needs Self-Assessment Form.
- 2.3 On completion of the self-assessment form, the Section 151 Officer will assess the Member against the Framework criteria and determined what training is required to be completed and within what time period.
- 2.4 In total there are 6 areas of knowledge and skills that CIPFA have identified as the core technical requirements:

- pensions legislative and governance context
- pensions accounting and auditing standards
- financial services procurement and relationship management
- investment performance and risk management
- financial markets and products knowledge
- actuarial methods, statements and practices.

3 Meeting Knowledge and Skills Needs

3.1 Identified knowledge and skills needs may be met by a variety of methods that will include, but are not restricted to:

- completion of specific modules in the e-Learning Public Service toolkit provided free online by the Pensions Regulator
- attendance at external training events for pension trustees and/or board members
- attendance at internal training events facilitated by Powys Pension Fund or Powys County Council
- attendance at pension conferences, seminars and workshops that cover fund investment, scheme administration, fund governance, actuarial matters or other relevant areas.

4 Continuing Development

4.1 Pension fund matters do not stand still. Therefore, there will be a requirement to undertake continual development to remain up to date with general pensions and LGPS specific issues. The requirement is for all relevant Members, regardless of professional background, to undertake a minimum of 4 days continuing development in each scheme year (ending 31st March).

4.2 Completion of this requirement may be achieved by a range of attendances at, for example, LGPS Trustees Conference or LAPFF seminars.

5 Accountability and Transparency

5.1 Accountability and transparency are principles of good governance and best practice. Therefore, knowledge and skills needs, training and development undertaken and continuing development, will be monitored and recorded and published annually.

5.2 Failure by a Member to meet their obligations under this policy, may result in them being barred from serving on either the Pensions & Investment Committee or the Powys Pension Board, as applicable, and as determined by the Section 151 Officer.

Appendix D

Governance Compliance Statement

Principle A – Structure

	Level of Compliance				
	Non*				Full
a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.					X
b) 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.					x
c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.					
d) 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.					
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- c) There is no secondary Committee. d) There is no secondary Committee.					

Principle B – Representation

	Level of Compliance			
	Non*			Full
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :- e) Fund employers				X
f) Scheme members				x
g) Independent professional observers (where appropriate)	x			
h) Expert advisers	x			
i) 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.				x
* Reason for non-compliance:- g) and h) These are not considered to be appropriate nor statutory requirements. However, professional expert advisers to the Pension Fund whilst not members, attend Pensions & Investment Committee.				
Notes and explanations of the ratings given above:- none				

Principle C – Selection and role of lay members

	Level of Compliance				
	Non*				Full
j) That committee members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.					x
k) 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.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- none					

Principle D – Voting

	Level of Compliance				
	Non*				Full
l) The policy 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.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- There are no voting rights for either the employer or member representative on the Fund's Pensions & Investment Committee. Powys County Council takes the view that it is inappropriate for members of the Pensions & Investment Committee who are not elected members of the County Council to have decision-making powers in respect of a function for which the County Council, as the administering authority, is responsible.					

Principle E – Training / Facility Time / Expenses

	Level of Compliance				
	Non*				Full
m) 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.					x
n) 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.					x
o) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- None.					

Principle F – Meetings (Frequency / Quorum)

	Level of Compliance				
	Non*				Full
p) That an administering authority's main committee or committees meet at least quarterly.					x
q) 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.					
r) 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.					
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- q) there is no secondary committee.					
r) Such interests are represented on the Pensions & Investment Committee.					

Principle G – Access

	Level of Compliance				
	Non*				Full
s) That subject to any rules in the council's 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.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- None.					

Principle H – Scope

	Level of Compliance			
	Non*			Full
t) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.				x
* Reason for non-compliance:- none				
Notes and explanations on the ratings given above:- None.				

Principle I – Publicity

	Level of Compliance			
	Non*			Full
u) 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.				x
* Reason for non-compliance:- none				
Notes and explanations on the ratings given above:- None.				