

Draft Governance Policy Statement for the Purposes of The Local Government Pension Scheme (Amendment) (No 2) Regulations 2005

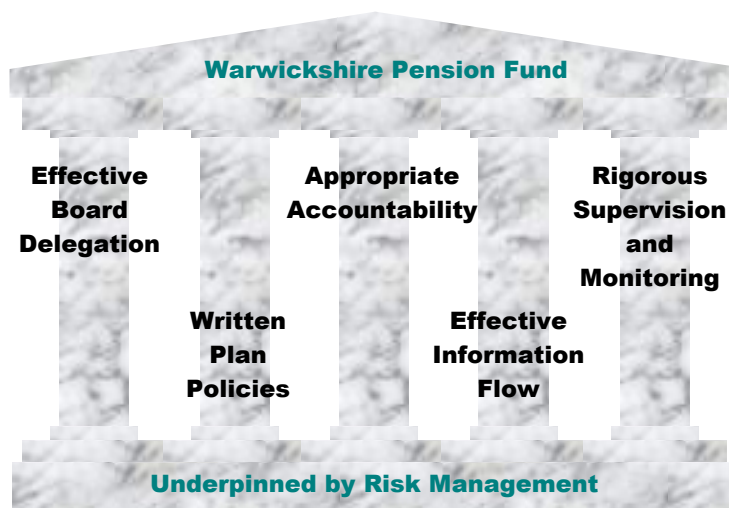
This Statement is prepared for the purposes of the above Regulations. It sets out the policy of the Administering Authority in relation to its governance responsibilities for the Local Government Pension Scheme (LGPS).

Contents

1. Overall governance framework
2. Delegation of functions and allocation of responsibility for:
 - Administration
 - Funding
 - Investment
 - Communication
 - Risk management
3. Terms of reference and decision making:
 - Structure of committees and representation
 - Voting rights
4. Operational procedures:
 - Frequency of meetings
 - Competencies, knowledge and understanding
 - Reporting and monitoring
5. Review of this policy statement

1. Overall Governance Framework

The Administering Authority with its advisers has identified the following key areas (the “five principles”) to support its overall governance framework.



The governance framework focuses on:

- The effectiveness of the Pension Fund Investment Board (PFIB) and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies.
- Whether policies are established and to what degree they are recorded.
- Clarity of areas of responsibility between officers and PFIB members.
- The ability of the PFIB and officers to communicate clearly and regularly with all stakeholders.
- The ability of the PFIB and officers to ask for the appropriate information and advice and to interpret that information in their supervision and monitoring of the Scheme in all areas.
- The management of risks and internal controls to underpin the framework.

Overall responsibility for the governance of the Local Government Pension Scheme and for this document resides with the Strategic Director of Resources.

2. Delegation of Functions

The following functions are delegated by the Administering Authority:

Scheme Administration

Governance Principles: Effective board delegation; appropriate accountability; rigorous supervision and monitoring

Including, but not exclusively or limited to, record keeping, calculation of and payment of benefits, reconciliation and investment of contributions, preparation of annual accounts, provision of membership data for actuarial valuation purposes.

The Administering Authority has responsibility for “Scheme Administrator” functions as required by HM Revenues and Customs (HMRC) under the Finance Act 2004.

Delegated to the Strategic Director of Resources and the PFIB.

Funding

Governance Principles: Effective board delegation; appropriate accountability; written plan policies

Including, but not exclusively or limited to, setting of the appropriate funding target for the Local Government Pension Scheme. The Strategic Director of Resources shall be responsible for maintaining the Funding Strategy Statement.

Delegated to the Strategic Director of Resources.

Investment

Governance Principles: Effective board delegation; appropriate accountability; written plan policies

Including, but not exclusively or limited to, setting of an appropriate investment strategy or strategies, selection of investment managers, setting of performance benchmarks and regular monitoring of performance. The PFIB shall be responsible for maintaining the Statement of Investment Principles.

Delegated to the PFIB.

Communications

Governance Principle: Effective Information Flow; written plan policies

Including setting of a communication strategy, issuing, or arranging to be issued, benefit statements, annual newsletters, annual report, shortened annual report. The PFIB shall be responsible for maintaining the Communications Policy.

Delegated to the PFIB.

Risk Management

Effective board delegation; appropriate accountability; written plan policies

Including the identification, evaluation and monitoring of risks inherent within the Local Government Pension Scheme. The PFIB shall be responsible for maintaining the Risk Register.

Delegated to the PFIB.

3 Terms of Reference and Decision Making

Terms of Reference:

Governance Principle: Effective board delegation; written plan policies

Administration, Funding, Investment, Communications and Risk Management

In line with the Council's Constitution, the PFIB shall oversee Pension Fund investments, management of the Fund, and the administration of the Pension Scheme.

Structure of the PFIB and representation:

Governance Principle: Effective board delegation

The PFIB shall be made up of:

2 Conservative members;

2 Labour members;

1 Liberal Democratic member.

Decision Making:

Governance Principle: Effective board delegation; rigorous supervision and monitoring

The PFIB shall have full decision-making powers.

Each member of the PFIB shall have full voting rights.

4. Operational Procedures

Frequency of Meetings:

Governance Principle: Effective board delegation; effective information flow

The PFIB shall convene no less frequently than four times per year. The PFIB shall receive full reports upon all necessary matters as decided by the Strategic Director of Resources and any matters requested by members of the PFIB.

Provision exists for the calling of special meetings if circumstances demand.

Competencies, Knowledge and Understanding:

Governance Principle: Effective board delegation; appropriate accountability

Officers and Members of the PFIB shall undertake training to ensure that they have the appropriate knowledge, understanding and competency to carry out the delegated function. It is recommended that such knowledge, understanding and competency is evaluated on an annual basis to identify any training or educational needs of the Officers and the PFIB.

Reporting and Monitoring:

Governance Principle: Rigorous supervision and monitoring; effective information flow

The PFIB shall report to the full Council on a frequency and with such information as shall be agreed and documented on an no less than annual basis.

5 Review of this policy statement

Responsibility for this document resides with the Strategic Director of Resources. It will be reviewed by the Director no less frequently than annually. This document will be reviewed if there are any material changes in the administering authority's governance policy or if there are any changes in relevant legislation or regulation.
