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(a) whether it delegates its functions, or part of its function, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority;

(b) and, if so, it must state:

- *the terms of reference, structure and operational procedures of the delegation;*
- *the frequency of any committee/sub-committee meetings;*
- *whether the committee/sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members, and, if so, whether these representatives have voting rights;*

(c) *the extent to which 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.*

5 [REDACTED]

6 [REDACTED]

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) [REDACTED]
Human Rights Act Appraisal [REDACTED]
Environmental Appraisal N
Risk Management Appraisal [REDACTED]
Community / Consultations Appraisal N
Cabinet Member N
Local Member N
Appendices A [REDACTED]

Governance Compliance Statement

Introduction

1 [REDACTED]

2 [REDACTED]

Purpose of Governance Compliance Statement

3 [REDACTED].

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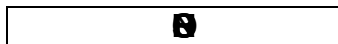
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- *the frequency of any committee/sub-committee meetings;*
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Governance of Shropshire County Pension Fund

5. Under the cabinet structure in local government, management of the pension fund is a non-executive function and this is reflected in the Shropshire Council governance structure that is set out below.
6. The Pensions Committee was established in 1994 with responsibility for all matters relating to the management and administration of the Shropshire County Pension Fund. The Pensions Committee is a standing committee of the Council and is linked to Full Council by virtue of the Chairman or Vice Chairman being a Shropshire Council member.



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The Pensions Committee reports to Full Council. It meets formally at least quarterly and more frequently if formal decisions are required. In between meetings Chairman's approval may be sought.

Terms of Reference:

- a) *To advise the Council on the arrangements for the proper administration of the Shropshire County Pension Fund in accordance with the Local Government Superannuation Acts and Regulations made thereunder, including decisions on investment under the Local Authority (Discretionary Payments) Regulations 1996 and the Local Authority Pension Scheme Regulations 1997;*
- b) *To advise employing organisations and employees within the Fund of their benefits, contributions and the financial performance of the Fund;*
- c) *To advise and assist the Council on the determination of any matters of general policy relating to the investment of the Pension Fund;*
- d) *To approve the annual report and accounts of the Fund and hold an Annual Meeting.*

- *Admission of employing organisations to the Fund where discretion is permitted;*
- *Appointment of external advisors and actuaries to assist with the administration of the Fund, and of external managers for the management of the Fund's portfolio of assets;*
- *Approval of the periodic formal valuation of the Fund;*
- *Consideration of the advice of the Council's external investment advisers and of the Scheme Administrator;*
- *Determination of the objectives and general investment approach to be adopted by external fund managers;*
- *Review and monitoring of investment transactions and the overall investment performance of the Fund;*
- *To develop and implement shareholder policies on corporate governance issues;*
- *To review and approve on a regular basis the content of the Statement of Investment Principles and to monitor compliance of the investment arrangements with the Statement;*
- *To review the Funding Strategy Statement in detail at least every three years ahead of the triennial valuations being carried out, in order to inform the valuation process;*
- *To review and approve on a regular basis the Communications Policy for the Fund;*

Representation

8. Representation on the Pensions Committee is as follows :-



The Pensions Committee is made up of 9 member, as follows;-

<u>Organisation</u>	<u>Representatives</u>
<i>Shropshire Council</i>	<i>4</i>
<i>Borough of Telford and Wrekin Council (co-opted)</i>	<i>2</i>
<i>Employees (co-opted)</i>	<i>2 (non-voting)</i>
<i>Pensioners (co-opted)</i>	<i>1 (non-voting)</i>

The Administering Authority (Shropshire Council) always holds either the Chairmanship or Vice Chairmanship. The position of Chairman and Vice Chairman rotate between Shropshire Council and the Borough of Telford & Wrekin on a one year basis.

The Committee is supported by the advice from three independent advisors – one advises on strategic issues and overall investment approach and the other two provide analysis and advice of a technical nature in relation to portfolio construction, interpretation of performance measurement and the monitoring of investment managers.

The Director of Resources has responsibilities under S151 of the Local Government Act 1972 and provides financial (non-investment) advice to the Committee, including advice on financial management, issues of compliance with internal regulations and controls, budgeting and accounting and liaison with independent advisers.

Legal advice is provided by the Assistant Chief Executive - Legal and Democratic.

The remit for the LGPS vests formal statutory responsibility for the LGPS and fund investment with the administering authority which is answerable for the effective and prudent management of the scheme.

9. The power to co-opt rests with the Council in full assembly and not with committees, although in practice the selection of persons to serve as co-opted members is usually left to committees. The co-opted members from the Borough of Telford & Wrekin are voting members.
10. The Pensions Committee can, if so minded, elect a co-opted member as its Chairman but in this instance the Chairman is be unable to ;-
 - attend council meetings and pilot Pension Committee proposals through the full assembly;
 - answer questions put to him/her there;
 - represent the Pensions Committee on other committees



Reasons for Current Representation

1 [REDACTED]

2 [REDACTED]

'As things stand, Section 7 of the Superannuation Act 1972 does not permit the Secretary of State to make regulations which impact on the constitution and membership of local authority committees. There are no plans at present to amend local government law to change the provisions regarding the composition of investment or pension committees. This must be a matter for individual fund administering authorities to consider, reflecting local circumstances and choice. But in exercising that choice, it is important that authorities recognise the desirability of achieving an effective and comprehensive level of stakeholder representation within the LGPS nationally.'

'The challenge for pension fund panels is to find ways of engaging those people with an interest in decisions made without undermining the operation of the Panel. The Funding Strategy Statements will encourage greater emphasis on consultation and if local authority employers contributing to a fund do not have representation on the panel or committee, be it voting or non voting, then there would be a need to demonstrate they were being engaged in other ways. For example by the holding of

- *bi-lateral discussions, or similar forums, involving employers and other stakeholders;*
- *an annual general meeting for all employers;*
- *a triennial meeting between all employers and the actuary to discuss the results of the actuarial valuation'.*

13. The Myners principle, the CIPFA guidance and the statutory position have led the Council as administering authority to conclude that current representation provides the appropriate balance between accountability and inclusion.

Delegation to Officers

14. Under the Local Government Pension Scheme Regulations 1997 the Shropshire Fund is required to formulate a policy on local discretions. These discretions were approved by Pensions Committee in March 1998 and are listed in Appendix A.

15. In addition to these local fund-wide discretions there are certain employer discretions which under regulations employers have the authority to determine. These discretions are employer specific.

Arrangements Outside of Formal Governance

6 [REDACTED]

With Employing Authorities

7 [REDACTED]

8 [REDACTED]

	%
6	5
7	2
8	1
9	8
10	8
	0

9 [REDACTED]

9 [REDACTED]

0 [REDACTED]

2 [REDACTED]

2 [REDACTED]

With Scheme members

23. Employees are represented on the Pensions Committee by two non-voting members (both Union members) who have an active role in the selection of managers, performance monitoring, investment strategy and responses to consultations on regulation changes. Pensioners are represented by a non-voting pensioner member.
24. All employees, as well as representatives from employer organisations, are invited to the Annual Meeting each year. All pensioners and deferred members also receive an invite to the Annual Meeting. Three meetings are held in November at locations in Telford and Shrewsbury. An early evening session is held to enable attendance from employees involved in front line services. The meeting is well attended and provides a useful opportunity for members meet their Employee or Pensioner Representative, learn about the fund and ask questions.

25. Every member of the scheme receives Pensions Newsletters, together with an annual report and financial summary of the scheme in leaflet form. The Pension Fund's web site includes further information on;-
- *Full annual report and financial summary*
 - *Statement of Investment Principles*
 - *Myners Compliance*
 - *Funding Strategy Statement*
 - *Communication Policy*
 - *Actuarial Valuation*
 - *Investments*
26. The Pensions Section has a very good informal working relationship with the unions, and is always there to assist with any problems in understanding the regulations.

Compliance against Best Practice Guidelines

27. The current governance arrangements which were established in 1994 adhere to the best practice guidance given by the Secretary of State. The extent to which delegation complies with the best practice guidance is shown in Appendix B.

APPENDIX A

SHROPSHIRE COUNTY PENSION FUND - POLICY ON LOCAL DISCRETIONS

Discretion	Guideline	Delegated To
Payment of death grant	To be paid to nominee or estate if impractical	Scheme Administrator
Child's pension following education break	To be reinstated where break does not exceed one academic year	Scheme Administrator
Split of children's pensions	To be paid in equal proportions	Scheme Administrator
Payment of children's pensions to parent or guardian	To be paid to parent or guardian unless requested otherwise up to age 18. To be paid to child from age 18 except in exceptional circumstances.	Scheme Administrator
Commutation of small pensions	To be commuted in all cases where annual value is below Inland Revenue limits	Scheme Administrator
Commutation – serious ill health	To be commuted with agreement of pensioner	Scheme Administrator
Medical requirements	To be based on advice from the Council's Occupational Health Physician or one of the doctors on the list as approved for the giving of certificates regarding permanent incapacity.	Scheme Administrator
Minimum level of Additional Voluntary Contribution	None	Scheme Administrator

Discretion	Guideline	Delegated To
Employer's Contributions	To be paid within 1 month of the end of the month to which they relate after which time interest will be chargeable	Scheme Administrator
Charge for estimate of transfer of AVC to main scheme	£25 per estimate	Scheme Administrator
Recovery of Contribution Equivalent Premium	To be recovered in all cases permitted by the regulations	Scheme Administrator
Acceptance of transfer value	To be refused if insufficient to meet Guaranteed Minimum Pension liability	Scheme Administrator
Overpayment of pension	Overpayments of less than £100 not to be recovered where they occur during the month of death and recovery is likely to cause hardship or be impractical. Write-offs to be in accordance with the Financial Rules of the Administering Authority, Shropshire Council.	Scheme Administrator

GOVERNANCE COMPLIANCE STATEMENT

The best practice guidelines on pension fund governance that has been issued by Communities and Local Government and the extent of the Council's compliance with each of the guidelines is set out below.

1.0 STRUCTURE

- 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.

Fully compliant

The Council delegates the management of the Shropshire County Pension Fund to the Pensions Committee.



Fully compliant

The Pensions Committee includes a representative from Shropshire Council and Borough of Telford & Wrekin Council. Representatives of employees and pensioners are also members of the Pension Committee.



Not applicable.





Not applicable



2.0 REPRESENTATION



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Fully compliant

The Pension Committee includes representatives from its main employers which represent 83% of active members. The Committee includes two co-opted employee representatives and a pensioner representative. The Committee is supported by the advice of three independent advisors.



Fully compliant

All Pension Committee members have equal access to all papers and meetings, and are able to participate in training, and contribute to the Committee's decision-making process.

3.0 SELECTION AND ROLE OF LAY MEMBERS



Fully compliant

All Pension Committee members are given training on their responsibilities and are aware of the terms of reference and remit of the Pensions Committee.

4.0 VOTING



Fully compliant

The elected councillor representatives, from Shropshire Council and Borough of Telford & Wrekin Council representative all have voting rights. The Constitution of the Administering Authority requires voting members to be democratically elected. The employee and pensioner representatives are therefore co-opted non-voting members of the Committee.

5.0 TRAINING/ FACILITY TIME/ EXPENSES

a) 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 for members involved in the decision-making process.

Fully compliant

The Pensions Committee hold an Annual Training day to which all Committee members and substitute members are invited. Training is also provided to new members and on an ad hoc basis as required. All Pensions Committee members are covered by their respective Council's scheme for reimbursement of expenses for committee members.



Fully Compliant

All Pensions Committee members have equal access to training and reimbursement of expenses.

6.0 MEETINGS (FREQUENCY/QUORUM)



Fully compliant

The Pensions Committee meets quarterly. Additional meetings are arranged for specific items of business as required.



Not applicable



Fully compliant

The Fund includes employee and pensioner representatives on its main Committee. The Fund also hold an Annual Meeting to which all employers, employees, deferred members and pensioners are invited.

7.0 ACCESS TO INFORMATION, DOCUMENTS AND ADVICE



Fully compliant

All Pensions Committee members have equal access to all papers and meetings.

8.0 SCOPE



Fully compliant



9.0 PUBLICITY

a) 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.

Fully compliant

The Pension Fund Governance Policy Statement is published on the Administering Authority's web-site and hard copies are available on request.

