

APPENDIX 3

COMMITTEE TERMS OF REFERENCE – PROPOSED CHANGES

Pension Fund Committee

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.

The Pensions Committee was established in 1994 with responsibilities 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. It meets formally at least quarterly and more frequently if formal decisions are required. In between meeting's Chairman's approval may be sought.

The Pension Fund Committee's key responsibilities are to advise the Council on the management of the Shropshire County Pension Fund, including the management and administration of benefits and strategic management of Fund assets. The Committee is supported by the advice from an independent advisor and investment consultant. One advises on strategic issues and overall investment approach and the investment consultant provide analysis and advice of a technical nature in relation to portfolio construction, interpretation of performance measurement and the monitoring of investment managers. The following terms of reference for the Pension Committee have previously been approved in the Governance Compliance Statement in accordance with LGPS Regulations 2013:-

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 Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009;
- 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.

The Pensions Committee formal terms of reference (above) are interpreted as including:

- a) Admission of employing organisations to the Fund where discretion is permitted;
- b) 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;
- c) Approval of the periodic formal valuation of the Fund;
- d) Consideration of the advice of the Council's external investment advisers and of the Scheme Administrator;
- e) Determination of the objectives and general investment approach to be adopted by external fund managers;
- f) Review and monitoring of investment transactions and the overall investment performance of the Fund;
- g) To develop and implement shareholder policies on corporate governance issues;
- h) 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;
- i) 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;
j) To review and approve on a regular basis the Communications Policy for the Fund;

The role of Scheme Administrator is held by the officer who 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 Head of Legal and Democratic Services.

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.

The terms of reference of the Committee need to be amended due to the pooling of investments in LGPS Central Ltd from 1 April 2018. The wording to be inserted is highlighted in bold text and the wording to be removed in red text.

- **Selection, appointment and dismissal of an investment pooling operator to manage the assets of the Fund.**
- **Determining what the administering authority requires the pool to provide to enable it to execute its local investment strategy effectively.**
- **Receiving and considering reports and recommendations from the oversight committee, and ensuring that the Fund's investor rights and views are represented effectively.**
- **Identifying and managing the risk associated with investment pooling**
- **Ensuring that appropriate measures are in place to monitor and report on the ongoing costs of investment pooling.**
- **Ensuring the responsible investment, corporate governance and voting policies of the Fund are delivered effectively.**
- 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**
- **Determination of the objectives and general investment approach to be adopted by external fund managers;**
- To review and approve on a regular basis the content of the **Statement of Investment**
- **Principles Investment Strategy Statement** and to monitor compliance of the investment arrangements with the Statement.
- **Reviewing and advising on the development of an Funding Strategy Statement, Administration Policy, Governance Compliance Statement, Breaches Policy & Training Policy and publish a Pension Fund Annual Report**

The rest of the terms of reference remain the same. The Council are asked to approve the revised terms of reference.