

# Gloucestershire County Council Pension Fund Governance Policy Statement

## Introduction

1. The County Council, as Administering Authority, has prepared this policy statement and consulted upon it with scheme employers.
2. This statement addresses the best practice principles identified in the statutory guidance issued and is in accordance with regulation 55 of the Local Government Pension Scheme (LGPS) Regulations 2013.
3. The County Council's Compliance Statement which identifies the level of compliance against these best practice principles is shown as an appendix to this policy statement. The Governance and Policy Statement was reviewed and updated in February 2020.

## Purpose of Governance Policy Statement

4. The regulations on governance policy and compliance statements require an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out:
  - (a) whether it delegates its functions 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 frequency of any committee/sub-committee meetings;
    - the terms of reference, structure and operational procedures of the delegation;
    - whether the committee/sub-committee includes representatives of
      - employing authorities (including non-scheme employers)
      - scheme members
    - and, if there are such representatives, whether they have voting rights.
  - (c) 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 comply, the reasons for not complying; and
  - (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).
5. Thus, the policy statement should include information about all of the administering authority's pension fund governance arrangements.

Information about the representation of employers should also cover any arrangements for representing admitted body employers (non-scheme employers).

A copy of the Terms of Reference for the Fund's local pension board is included on pages 6 to 9.

### **Principle A - Structure**

6. The purpose of the Pension Committee is to give advice on the proper management of the Gloucestershire Pension Fund and carry out the function of the Council as Adminstrating Authority.
7. Under the cabinet structure in local government, management of the pension fund is a non-executive function. In Gloucestershire it is linked to the administration by virtue of the Chairman of the Pension Committee being the Deputy Leader and Cabinet Member for Finance and Change.

#### **PENSION COMMITTEE**

The Pension Committee reports to County Council. It meets formally each quarter and more frequently if formal decisions on fund management are required.

Terms of Reference:

- To set the investment policies of the Fund, including the establishment and maintenance of a strategic benchmark for asset allocation, drawing upon professional service providers, considering the forthcoming changes with Pooled Investments within Brunel Pension Partnership.
- To appoint and review the performance of all Fund Managers and associated professional service providers.
- To approve and keep under review the Funding Strategy Statement.
- To approve and keep under review the Investment Strategy Statement.
- To report annually to the full Council.
- To consider any other matter relevant to the proper operation and management of the Fund.
- To review the Council's performance as Administering Authority.
- To decide upon arrangements for managing the Administering Authority's relationship with employers in the Fund e.g. agreeing contribution rates, establishing dispute resolution procedures and ensuring employers have established policies as required by Regulations.
- To decide upon requests for admission of qualifying organisations wishing to join the Fund.
- To decide upon key pension policy and discretions that are the responsibility of the Administering Authority.
- To consider advice and recommendations from the Pension Board on areas that may improve the governance of the Pension Fund (the remit of the Pension Board is detailed in its Terms of Reference).
- To consider the Pension Board's proposed work plan for the forthcoming financial year.

8. The Pension Committee's formal terms of reference (above) are interpreted as including:

- Determining the overall investment strategy and strategic asset allocations of the Fund, with regard to investment suitability and diversification.
- Overseeing the preparation of the Investment Strategy Statement (ISS), including the Fund's policy on socially responsible investment and Corporate Governance.
- Annually reviewing the ISS.
- Monitoring compliance with the ISS.
- Overseeing the preparation of the Funding Strategy Statement.
- Approving the Annual Report.
- Appointing, reviewing and when necessary, dismissing, the Fund's investment managers and custodian, subject to changes agreed by Brunel Pension Partnership as part of the Pooled Investments.
- Reviewing investment manager performance against set benchmarks on a regular basis.
- Appointing, reviewing and when necessary, dismissing, the Fund's actuary, investment advisors/consultants and performance measurement consultants.
- Ensuring appropriate Pension Fund governance arrangements are in place in accordance with the LGPS regulations and other regulatory requirements.
- Holding an annual meeting.

### **Principle B – Representation**

9. The role of independent professional observers in e.g. assessing compliance with the ISS' principles and risk management, will be met by elected councillors with support from officers within the County Council and the Fund's independent advisor.

### **Principle C – Selection and role of lay members**

10. The Agenda for any meetings of the Pension Committee will include an item at the start of the meeting inviting all committee members to declare any financial or pecuniary interest related to specific matters on the agenda.

### **Principle D – Voting**

11. The Pension Committee comprises 6 County Councillors, including the Cabinet Member for Finance and Change, together with one voting district council representative and one non-voting scheme member representative (who also represents pensioners and deferred members). The scheme member representative is non-voting because as the LGPS is a statutory scheme with benefits fully protected by statute, any changes in investment or other policies which were voted on by the scheme member representative does not affect the scheme members' benefits.

The Fund's independent investment advisor and the Chief Financial Officer and staff support the Committee in its role.

12. Elected councillors already have legal responsibilities for the prudent and effective stewardship of LGPS funds and in more general terms have a clear fiduciary duty in the performance of their functions. Lay members (non councillors) should be reminded that they owe a duty of care to the fund beneficiaries and are required to act in their best interests at all times, particularly in terms of their investment decisions. They are not there to represent their own local, political or private interest.

### **Principle E – Training/Facility time/Expenses**

13. Decisions should only be taken by persons or organisations with the skills, information and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take. All members of the Committee (including lay members) are offered training, including that offered by the Employers Organisation (and are exposed to presentations at the Committee's quarterly meetings on investment matters). Substitutions are not permitted on the Pension Committee.
14. Committee members complete a training requirement self assessment form. These are used to determine the training to be provided to Committee Members and a log of training undertaken is maintained by the Administering Authority.
15. The members' allowances scheme within the County Council's Constitution outlines the process for both councillors and lay members reclaiming expenses. The same rules apply to both councillors and lay members.

### **Principle F – Meetings (frequency/quorum)**

16. The Pension Committee reports to County Council. It meets formally each quarter and more frequently if formal decisions on fund management are required.

Other ways of engaging stakeholders which the Council have adopted are:

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

### **Principle G – Access**

17. All members of the Pensions Committee have equal access to committee papers, documents and advice.

### **Principle H – Scope**

18. The terms of reference of the Pensions Committee (as detailed in paragraph 7 on page 53 of this document) include general scheme and other administrative issues in connection with their role as Administering Authority.
19. The finance and operational arrangements of the Fund are subject to review and audit by both the Fund's external auditor, Grant Thornton, and the Council's own internal audit service. Reports issued by our auditors are subject to consideration by the Council's elected members acting as an audit committee.

### **Principle I – Publicity**

20. The County Council is committed to the widest inclusion of all stakeholders in consultation and communication outside of the formal governance arrangements. In this respect it has made arrangements to make its publications available via the Council's public website and its intranet.
21. A copy of the Governance Compliance Statement will be published as part of the Pension Fund Annual Report. The Annual Report is discussed at the Fund's annual meeting which is open to all fund members and employers.

# **Terms of Reference for the Pension Board of the Gloucestershire Local Government Pension Fund**

## **1. Role of the Pension Board**

1.1 The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- Assist Gloucestershire County Council as Scheme Manager; -
  - to secure compliance with the Local Government Pension Scheme (LGPS) Regulations and any other legislation relating to the governance and administration of the LGPS
  - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
  - in such other matters as the LGPS regulations may specify.
    - Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

1.2 In addition, the LGPS (Amendment) (Governance) Regulations 2015 expect the Pension Board to assist the Scheme Manager to secure the effective and efficient governance and administration of the LGPS for the Gloucestershire Local Government Pension Fund

1.3 The Board shall provide an annual report to the Pension Committee and then to a full meeting of Gloucestershire County Council. The report will include information on the business conducted by the Pension Board with any risks or concerns identified and mitigation steps proposed. The report will also be published on the Pension Fund's website. Any concerns requiring reporting outside the annual process should be raised with the Pensions Committee.

1.4 The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

1.5 The Pension Board will also help ensure that the Gloucestershire Local Government Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

1.6 The cost of running the Pension Board will be met from the Pension Fund.

## **2. Appointment of members of the Pension Board**

2.1 The Pension Board shall consist of seven members and be constituted as follows:

- a) The Chairman

The Chair of the Pension Board, who can demonstrate their knowledge and understanding of the Local Government Pension Scheme will be appointed by the Scheme Manager taking due regard of the Appointment of Other Members guidance, as set out in the LGPS

Guidance on the creation and operation of Local Pension Boards in England and Wales..  
The Chair of the Pension Board cannot be a Gloucestershire County Councillor.

b) Three employer representatives who can demonstrate their capacity to represent other scheme employers, and their knowledge and understanding of the Local Government Pension Scheme. To be appointed by the Scheme Manager taking due regard of the process for appointing Employer and Member Representatives guidance, as set out in the LGPS Guidance on the creation and operation of Local Pension Boards in England and Wales

c) Three scheme member representatives who can demonstrate, their capacity to represent other scheme members, and their knowledge and understanding of the Local Government Pension Scheme. To be appointed by the Scheme Manager taking due regard of the process for appointing Employer and Member Representatives guidance, as set out in the LGPS Guidance on the creation and operation of Local Pension Boards in England and Wales

One of the employer or member representatives should be a County Councillor appointed annually at a meeting of Full Council.

In order to ensure that effective Board Members are appointed who can demonstrate their capacity to represent other scheme employers or members (as appropriate), a direct appointment process will be followed wherever possible, with member representative being selected through nominations made by recognised trade unions, and employer representatives being selected through nominations made from established employers within the Fund.

### **3. Length of term and removal:**

3.1 The Chairman, each employer representative, and scheme member representative so appointed shall serve initially for a 4 year term, which may be extended for further 4 year terms subject to taking due regard of the process for appointing Employer and Member Representatives guidance, and other Members, as set out in the LGPS Guidance on the creation and operation of Local Pension Boards in England and Wales.

3.2 Board members can be removed on grounds of non attendance, breach of code of conduct and non participation in training.

3.3 Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least one of the scheduled meetings each financial year. In the event of a Board member failing to do this, or other persistent non-attendance then the tenure of that member should be reviewed by the other Board members.

3.4 Other than by ceasing to be eligible, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all of the other members in attendance at the Board Meeting where this is being considered. The removal of the Chairman also requires the consent of the Scheme Manager

### **4. Quorum**

The Board shall have a formal quorum of 3 to include one employer representative and one member representative.

Because of the specialist nature of their work, no substitution is permitted.

Meetings of the Local Pension Board will always be chaired by the appointed Chair of the Board when in attendance. Where the Chair is not in attendance at a meeting, those members present will elect a temporary chairperson for that meeting.

## **5. Code of Conduct and Conflicts of Interest**

The principles included in the County Council's Member Code of Conduct applies to all members of the Local Pension Board. Likewise, all other relevant County Council policies shall apply to members of the Pension Board.

## **6. Knowledge and Skills**

A member of the Pension Board will be conversant with –

- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- Any document recording policy about the administration of the LGPS which is for the time being adopted by the Gloucestershire Local Government Pension Fund.

A member of the Pension Board must have knowledge and understanding of –

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

## **7. Board Meetings and Publication of Board Information**

7.1 The Board shall meet no less than twice per annum. If there is a need for additional meetings these will be determined by the Chair of the Board.

7.2 The agenda and supporting papers shall be distributed to members of the board 5 clear working days prior to each meeting

7.3 Pension Board papers, agendas and minutes of meetings will be published on the Gloucestershire Local Government Pension Fund website subject to the Rules on Access to Information and the Data Protection Act 1998.

7.4 The reimbursement of reasonable travel and subsistence expenses for attendance at Board meetings and approved training events will be made to Board Members.

## **8. Remit of the Board**

The Board shall:

- i. Ensure the Pension Fund's strategy and policy documents are in place and have been maintained in accordance with the LGPS Regulations. These documents are the: communications policy statement; funding strategy statement; governance compliance statement; pensions administration strategy; Pension Fund annual report and accounts; statement of investment principles.
- ii. Ensure the Pension Fund's internal Risk Register is in place and reviewed at least annually.

iii. Review the Pension Fund's performance in complying with the requirements of the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS.

iv. Review the Pension Fund's performance in complying with the requirements of the Pension Regulator.

v. Provide advice and make recommendations when required, to the Pensions Committee, on areas that may improve the governance of the Pension Fund.

vi. Formulate and agree an annual work-plan for the Board.

vii. To carry out any other activities relating to the efficient governance and administration of the Pension Fund, which the Pensions Committee may request the Pension Board to undertake.

## **9. Voting Rights and Decision making**

9.1 Only members of the Pension Board who are employer or member representatives will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus.

9.2 A majority of Board members, with a voting right and present at a meeting, will be required to agree any decision of the Board, including any referrals back to the Pensions Committee.

## **10. Accountability**

The Pension Board will be collectively and individually accountable to the Scheme Manager.

### **Definitions**

The undernoted terms shall have the following meaning when used in this document:

**“Pension Board”  
or “Board”**

Means the local Pension Board for Gloucestershire County Council as administering authority for the Gloucestershire Local Government (LGPS) Pension Fund as required under the Public Service Pensions Act 2013

**“Scheme Manager”**

Means Gloucestershire County Council as administering authority of the Gloucestershire Local Government (LGPS) Pension Fund

**“LGPS”**

The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

**“Scheme”**

Means the Local Government Pension Scheme as defined under “LGPS