



## PAPER C

Purpose: For Decision

# Committee report

Committee	<b>ISLE OF WIGHT PENSION FUND COMMITTEE</b>
Date	<b>29 MAY 2015</b>
Title	<b>APPROVAL OF GOVERNANCE COMPLIANCE STATEMENT</b>
Report of	<b>TECHNICAL FINANCE OFFICER</b>

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### EXECUTIVE SUMMARY

1. This report presents the committee's annual governance compliance statement, showing the extent to which the committee's governance arrangements comply with requirements of Department for Communities and Local Government (DCLG), the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives (CIPFA/SOLACE) framework and CIPFA best practice guidance
2. The committee is asked to approve the statement, which has been reviewed and updated as at 31 March 2015. The changes made since last year's report are summarised in paragraph 10 below.
3. The approved statement will then be included in the fund's annual report and accounts for the year ended 31 March 2015.

### BACKGROUND

4. Governance for local authorities is defined as how they ensure that they do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, culture and values by which local government bodies are directed and controlled, and through which they account to, engage with and where appropriate lead their communities
5. Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 requires each administering authority (after consultation with interested parties) to prepare, maintain and publish a governance statement.
6. The statement must set out whether the authority delegates any part of their pension fund to a committee, sub-committee or officer, and must record the frequency of meetings, terms of reference and whether there is employee representation with or without voting rights. If they delegate, the statement must record:

- the frequency of committee or sub-committee meetings;
  - the delegation's terms of reference, structure and operational procedures;
  - whether the committee or sub-committee includes representatives of employing authorities or members, and if so, whether these representatives have voting rights.
7. The governance compliance statement must also record the extent to which the delegation (or absence of a delegation) complies with the secretary of state's guidance and, to the extent it does not comply, the reasons for not complying.
  8. In preparing the statement, the administering authority must consult with such persons as it considers appropriate. The statement requires authorities to consider the adoption of annual training plans for committee members and maintain a log of training undertaken. When published or revised, a copy of the statement must be forwarded to the secretary of state.
  9. The fund's governance compliance statement has been updated as at 31 March 2015, and is appended to this report. It is proposed that the fund is fully compliant with all of the nine principles of best practice. The compliance statement has been updated to include reference to the new Local Pension Board which has been established in accordance with the Public Sector Pensions Act 2013.
  10. The changes made to the report since last year are summarised below:
    - (a) Principle A – Structure: added two sentences under the compliance statement for the creation of the Local Pension Board.
    - (b) Principle E – Training, etc.: comments added that training plan has not been formally updated since July 2013, but that as membership of the committee has been relatively stable, the underlying level of understanding remains.
    - (c) Principle F – Meetings: added sentence concerning frequency and timing of Local Pension Board meetings.
    - (d) Principle H – Scope: added sentence about results of governance health-check undertaken.
    - (e) Principle I – Publicity: amended from partial to full compliance, with comment about availability of documents of website.

## STRATEGIC CONTEXT

11. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and

that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

12. Having appropriate governance processes in place ensures that all decisions made in respect of the pension fund are sound, based on appropriate advice and guidance, in order to meet the primary objective above.

#### FINANCIAL / BUDGET IMPLICATIONS

13. There are no direct financial implications relating to the review and revision of the governance compliance statement.

#### LEGAL IMPLICATIONS

14. Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 requires each administering authority (after consultation with interested parties) to prepare, maintain and publish a governance statement.
15. Within this statement they are required to demonstrate compliance with DCLG requirements, the CIPFA/SOLACE framework and CIPFA best practice guidance.

#### EQUALITY AND DIVERSITY

16. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership.
17. Initial screening has indicated that there are no specific equality and diversity issues arising from the content of this report.

#### RECOMMENDATION

18. That the committee approves the annual governance compliance statement.

#### APPENDICES ATTACHED

19. [Appendix 1](#) – Governance compliance statement.

#### BACKGROUND PAPERS

20. Governance Compliance Statements Statutory Guidance, (DCLG, December 2008)  
[http://timeline.lge.gov.uk/Statutory%20Guidance%20and%20circulars/Governance\\_Statutory\\_Guidance.doc](http://timeline.lge.gov.uk/Statutory%20Guidance%20and%20circulars/Governance_Statutory_Guidance.doc)

21. CIPFA/SOLACE framework, Delivering Good Governance in Local Government (CIPFA, 2007)  
[http://www.tisonline.net/managementoffinance/default.asp?section=CIPFAPublications&secpos=Delivering Good Governance in Local Government - Framework \(CIPFA, 2007\)](http://www.tisonline.net/managementoffinance/default.asp?section=CIPFAPublications&secpos=Delivering%20Good%20Governance%20in%20Local%20Government%20-%20Framework%20(CIPFA,%202007))
22. Delivering Good Governance in Local Government Pension Funds (CIPFA, 2009)  
[http://www.tisonline.net/pensions/default.asp?section=CIPFAGuidance&secpos=CIPFA Pensions Panel Guidance](http://www.tisonline.net/pensions/default.asp?section=CIPFAGuidance&secpos=CIPFA%20Pensions%20Panel%20Guidance)

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