

**Isle of Wight Council Pension Fund  
Governance Compliance Statement  
For the year ended 31 March 2016**  
Dated: 20 May 2016

Principle	Detailed Best Practice Principle	Statement of compliance
<b>A. Structure</b>		<b>Fully compliant</b>
	<p>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.</p>	<p>a) The Isle of Wight Pension Fund Committee forms part of the council's constitution, which includes the terms of reference for the committee. The Pension Board for the Local Government Pension Scheme was constituted by the council in January 2015. The terms of reference for that board were approved by full council and form part of the constitution. The precise status of the Board and its relationship to the Administering Authority is still subject to national clarification. Although the board is constituted under the Public Services Pensions Act 2013, at present it is operated, administered and supported as though it were a committee of the Council set up under Local Government Act 1972 powers, in the absence of explicit guidance to the contrary, to ensure best practice standards are applied, but this may change.</p>
	<p>b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.</p>	<p>b) The terms of reference for the committee specify that the membership should include employer and member representatives. There is one non-voting representative from each of the two categories on the committee, nominated by employers and UNISON respectively. There are no representatives of pensioners or deferred members as such. The terms of reference for the board (in compliance with the Public Services Pensions Act 2013 and subsequent regulations) specify that employers and scheme members should be equally represented on the board.</p>

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	c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels	c) There is no secondary committee
	d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	d) Not applicable.
<b>B. Committee Membership and Representation</b>		<b>Fully compliant</b>
	<p>a) That all key stakeholders are afforded the opportunity to be represented, within the main or secondary committee structure. These include:-</p> <ul style="list-style-type: none"> <li>i) employing authorities (including non-scheme employers, e.g. admitted bodies);</li> <li>ii) scheme members (including deferred and pensioner scheme members);</li> <li>iii) where appropriate, independent professional observers, and</li> <li>iv) expert advisors (on an ad-hoc basis)</li> </ul>	<p>a) The committee membership (as stated in the council's constitution) includes 7 elected members (the council being the largest employer), 1 employee representative (UNISON) and 1 employer representative (nominated by the other participating employers). Only elected members are permitted to vote, on the grounds that the Administering Authority is responsible for and underwrites the fund at local level.</p> <p><b>Area for improvement</b>  <i>Terms of reference to be updated to consider the situation should participating employers be unable to agree on a nominated representative.</i></p> <p>The committee is advised by fund managers, actuaries and independent investment advisers.</p> <p>The board membership comprises two employer representatives (one being an elected member of the council, the other nominated by the other participating employers) and two scheme member representatives (one active and one retired, both nominated by UNISON).</p> <p>The board has access to expert advisers should their input be required.</p>
	b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights	<p>b) All members of both committee and board are given equal access to meetings and papers for both committee and board, which are published on the council's website.</p> <p>Members of the board are invited to attend committee meetings as observers.</p>

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		All members of both committee and board are invited to attend all training sessions, and any ad-hoc meetings convened for specific purposes (for example briefings about pooling of investments).
<b>C. Selection and role of lay members</b>		<b>Fully compliant</b>
	a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee	a) The role of the committee is fully explained in the council's constitution. Training has been provided to all members on the background to the LGPS, the role of the committee, the governance structure and future changes. The role of the board is fully explained in the terms of reference. An initial training session was provided to members by Hymans Robertson, outlining the responsibilities of board members in providing assurance to the council over the governance and administration standards of the pension fund. The precise status of the Board is still under discussion at national level. In the meantime, the Board has put in place a draft programme covering work on investment and membership issues, and a collective training programme.
	b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda	b) There is a standing agenda item at the start of each committee and board meeting to record declarations of interest.
<b>D. Voting</b>		<b>Fully compliant</b>
	a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	a) Voting rights for each type of membership are set out in the council's constitution. For the pension board, all members have equal voting rights. For the committee, non-elected members do not have a vote because they do not represent organisations responsible for underwriting the fund at local level. <b>Area for improvement:</b> <i>The justification for excluding non-elected members (i.e. staff and employer representatives) from voting rights (as set out above) is not explicitly stated in the committee's terms of</i>

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		<i>reference.</i>
<b>E. Training/Facility time/Expenses</b>		<b>Partially compliant</b>
	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 in respect of members involved in the decision-making process.	a) These items are set out in the council's constitution <b>Area for improvement:</b> <i>policies on reimbursement of expenses need to be made more explicit in the terms of reference for both committee and board.</i> In the case of the Board, this may change subject to clarification at national level of its precise status.
	b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	b) All items contained in the constitution are applicable to all members of the committee.
	c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	c) The committee training needs analysis has not been formally updated since July 2013, although the training plan is regularly reviewed and updated throughout the year. The membership of the committee has been relatively stable since July 2013, so the underlying level of understanding of members is unchanged. Briefing sessions are delivered before each committee meeting to inform discussions for items on the main agenda. Members' attendance at committee training sessions and external training is reported in the fund's Knowledge and Skills Compliance Statement, as part of the annual report. No formal training needs analysis has been undertaken for the LGPS Pension Board. The current draft training programme assumes all its members have started with a need for training in all aspects of its responsibilities.
<b>F. Meetings (frequency/quorum)</b>		<b>Fully compliant</b>
	a) That an administering authority's main committee or committees meet at least quarterly.	a) The committee meets four times a year. The terms of reference for the board specify that it will meet on a sufficiently regular basis to fulfil its statutory obligations. In practice, the board meets four times a year, within four weeks of the committee.

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	b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	b) Not applicable
	c) That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	c) All employers are invited to the annual general meeting of the committee in July. Employers are also invited to meetings to consider the triennial valuation results
<b>G. Access</b>		<b>Fully compliant</b>
	a) That, subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	a) All agendas, papers and minutes are available to members and the public via the council's website. All papers are published in advance of the meetings, in accordance with the council's democratic service standards.
<b>H. Scope</b>		<b>Fully compliant</b>
	a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	a) The committee now receives regular reports on membership (including employers), administration standards, and funding levels as well as continuing to receive reports and presentations from fund managers. Reporting will continue to develop as regulations and guidance on the new governance arrangements are produced. In November 2015, the remit of the committee was expanded to include oversight of the Firefighters Pension Schemes – this area has yet to be fully developed. The pension board receives reports on decisions made by the committee, to ensure that they have been made in line with internal policies and procedures and best practice, and are consistent with legislation and regulation. The board's work plan includes a review of the current governance arrangements of the fund, including policies and procedures, to ensure that they are sufficient and fit for purpose. This area will continue to

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		be developed over the next year.
<b>I. Publicity</b>		<b>Partially compliant</b>
	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.	a) All statutory statements and policies form part of the fund's annual report, which is published on the council's website. All strategies and policies are now available on the Pensions section of the council's website. There is no cross-reference between the council's pensions' webpage and the committee webpage. This inhibits information about the governance of the fund being readily available to scheme members.