

**Isle of Wight Pension Fund
Governance Policy
2019**

1. Document Information

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2. Contents

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3. Purpose of Policy

This policy, and the related Governance Compliance Statement, outlines the governance arrangements for the Isle of Wight Pension Fund (the fund), as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013 (the LGPS regulations)

Under that provision all Local Government Pension Scheme (LGPS) funds in England and Wales are required to produce a Governance Compliance Statement, keep it under review, revise it following any material change in its delegation arrangements and publish it, following such consultation as it considers appropriate. The statement is required to set out:

- a. whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the authority;
- b. if they do so
 - i. the terms, structure and operational procedures of the delegation;
 - ii. the frequency of any committee or sub-committee meetings;
 - iii. whether such a committee or sub-committee includes representatives of employing authorities (including authorities which are not Scheme employers) or members, and if so, whether those representatives 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 so comply, the reasons for not complying.
- d. details of the terms, structure and operational procedures relating to the local pension board established under the regulations.

Each administering authority is required to:

- a. keep the statement under review;
- b. make such revisions as are appropriate following a material change in respect of any of the matters mentioned, above; and
- c. if revisions are made, publish the statement as revised.

In reviewing and making revisions to the statement, the authority must consult such persons as it considers appropriate.

4. Legislation

The Public Services Pensions Act 2013 (the Act) introduced a new framework for the governance and administration of public service pension schemes. The Act has had a material impact on previous governance arrangements in the Local Government Pension Scheme (LGPS), which are enforced by changes to the LGPS regulations.

As a result of the Act, the Pensions Regulator has introduced codes of practice covering specific areas relating to public sector pension schemes. The changes to the LGPS regulations and introduction of the Pensions Regulator's code of practice 14 are reflected in this policy and the Council's constitution.

As administering authority, the Isle of Wight Council is the designated statutory body responsible for administering the Isle of Wight Pension Fund (the fund) on behalf of the constituent scheduled and admitted bodies in the relevant area. The LGPS regulations specify that, in investing the fund's money, regard must be given to the need for diversification and for proper advice obtained at reasonable intervals.

5. Policy Statement

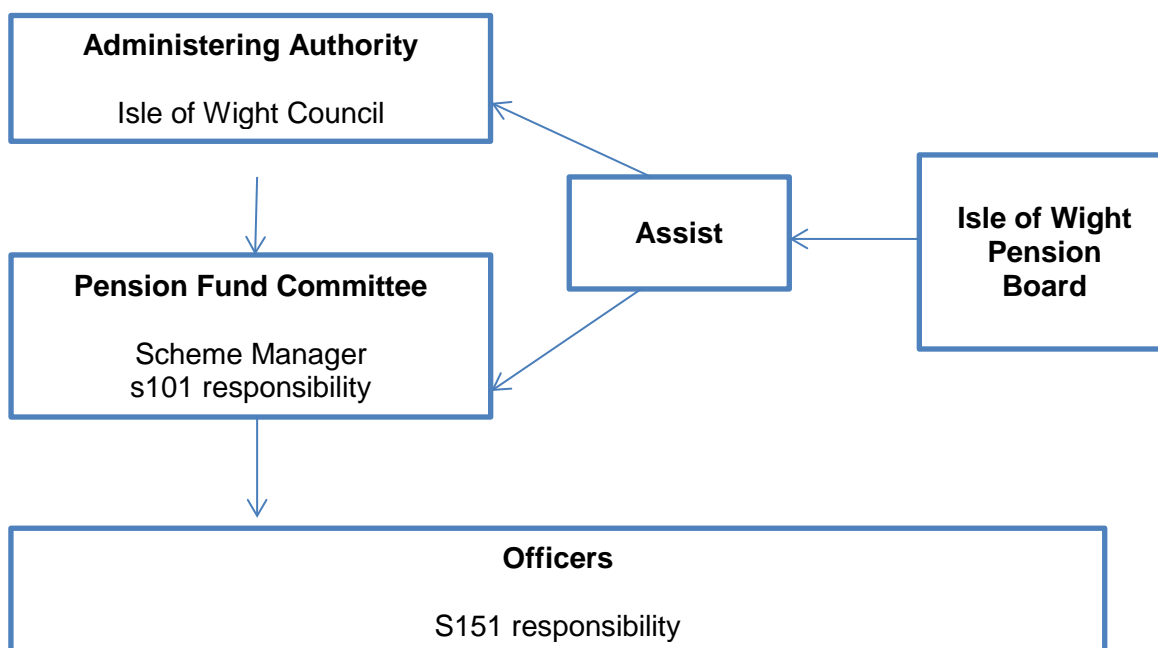
5.1 About the Isle of Wight Pension Fund

Under the Local Government Pension Scheme Regulations 2013 (the LGPS regulations), Isle of Wight Council (the council) is required to maintain a pension fund (the fund) for its employees and those of other scheme employers within its area.

As at 31 March 2018, the council administers the fund for its own employees and those of 18 scheduled bodies and 13 admitted bodies.

5.2 Governance Structure

The Isle of Wight Pension Fund governance structure is illustrated below. This structure relates to the administering authority responsibilities only. The Isle of Wight Council is also an employer within the Isle of Wight Pension Fund. A separate governance structure and scheme of delegation is in place in relation to the Isle of Wight Council's employer responsibilities (included within the council's [pay policy](#))



5.3 Role of the Pension Fund Committee

Under the terms of its constitution the council, as the administering authority to the fund, has delegated its functions with regard to the fund to its pension fund committee (the committee). This is in line with guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA).

The committee oversees the proper administration and management of the fund. It is responsible for:

- Maintaining appropriate accounting records:
 - collecting and accounting for employer/employee contributions and transfer values.
 - paying and accounting for pension benefits and transfer values.
 - investing monies not required for payment benefits, transfers and administration costs.
 - monitoring budgets for the fund ensuring there is adequate budgetary control.
- Maintaining member records:
 - setting up, administering and managing individual member records.
 - regularly evaluating the completeness and accuracy of these records.
- Managing the fund valuation process:
 - reviewing and taking action on actuarial valuations.
 - ensuring cash is available to meet the fund's future liabilities.
- Managing the investment strategy of the fund:
 - agreeing asset allocation strategies following asset liability modelling and a policy for investment in different assets with the investment managers.
 - agreeing a rebalancing strategy between different portfolios (where appropriate) when asset allocations change due to different market movements of different sectors.
 - regularly reviewing investment managers' performance and expertise against agreed benchmarks and determining any action required.
 - ensuring that the fund investments are sufficiently diversified and that the fund is investing in suitable investments.
 - ensuring all investment activity complies with the requirements of current regulations and best practice.
- Preparing and maintaining the statutory statements, including:
 - investment strategy statement.
 - funding strategy statement.
 - communications policy.
 - governance policy.
- Managing communications with employers, members and pensioners:
 - ensuring communications are accurate, clear and accessible.
 - ensuring employers understand the information they are required to provide.
 - providing accurate and timely information to members to inform options for retirement planning.
 - providing annual benefit statements within the statutory timetable.
 - providing assistance to employers on the pension implications of outsourcing services and on dealing with bulk transfers of pension rights.
- Monitoring and managing all aspects of the fund's performance:
 - appointing and regularly monitoring the performance of investment managers, a fund actuary, custodian and professional advisors.

- appointing an additional voluntary contribution provider.
- agreeing and monitoring key performance indicators for all areas of fund administration, management and governance.

During 2018-19, the committee increased the frequency of its meetings to eight times each year. Alternate meetings consider either investment and funding issues, or administration and governance issues, together with any other business matters that require attention.

As well as these formal meetings, ad hoc sessions are arranged as required.

The committee is constituted to reflect the views of the council as administering authority and the largest member employer with 83% of the contributing membership.

The committee consists of:

- seven councillors with voting rights .
- one representative of the external employers in an observer capacity.
- one representative of the scheme members, nominated by UNISON, in an observer capacity.

5.4 Role of Officers

Officers of the council have certain statutory and formal responsibilities. Executive powers are delegated to the officers where appropriate under the council's scheme of delegations, which sets the parameters within which the officers can implement committee decisions and operate the day-to-day business of the Isle of Wight Pension Fund.

5.5 Role of Local Pension Board

Following changes made to the LGPS Governance Regulations by the Public Service Pensions Act 2013, a Local Pension Board was established. This is a new layer of governance containing member and employer representatives. It is designed to assist with securing compliance with the LGPS regulations. The pension board is not a decision-making body but works alongside the fund's committee and officers in an advisory capacity, helping to promote compliance with:

- scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
- requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator; and
- such other matters as the scheme regulations may specify.

Membership comprises two employer representatives and two employee representatives.

The terms of reference for the local pension board can be found at Article 11 of the council's constitution: <https://www.iwight.com/Council/how-it-works/Democratic-Services/Constitution1>

6 Review

This policy statement will be reviewed annually, and revised and re-published following any material change in the above arrangements.