



**Isle of Wight Council Pension Fund
Governance Policy
2020**

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 Council Pension Fund (the fund), as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013 (the 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 its functions or part of its functions under the regulations to a committee, a sub-committee or an officer of the authority;
- b) if the authority does 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 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 revising 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 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, Isle of Wight Council is the designated statutory body responsible for administering the Isle of Wight Council Pension Fund (the fund) on behalf of the constituent scheduled and admitted bodies in the relevant area. The 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

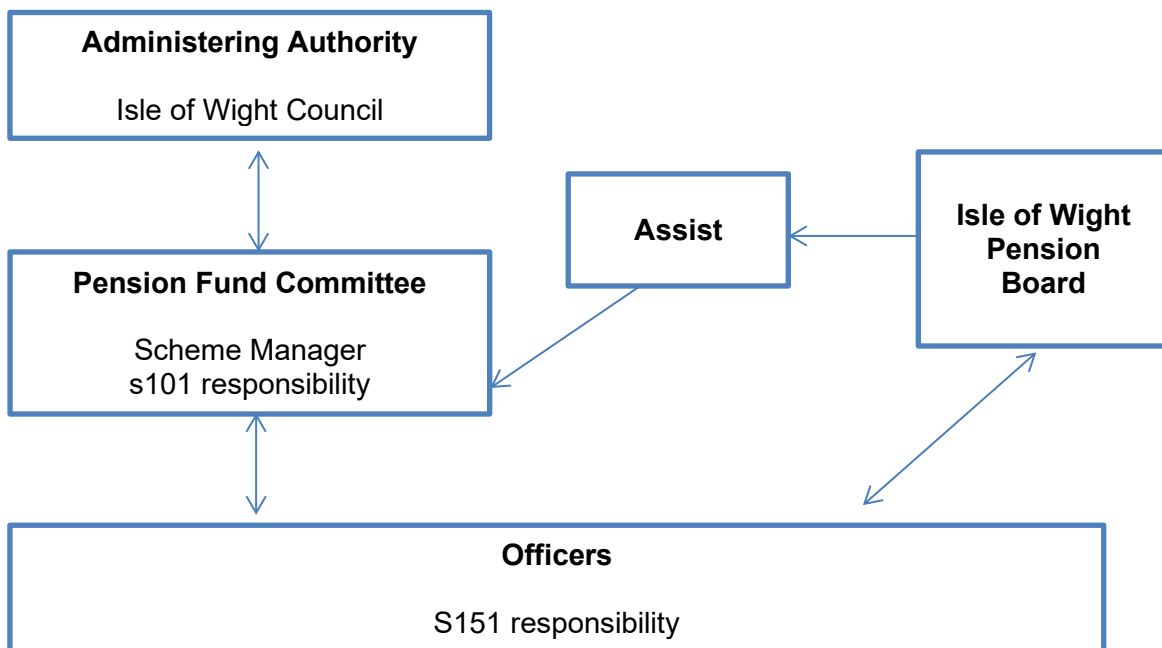
5.1 About the Isle of Wight Council Pension Fund

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

As at 31 March 2020, the council administers the Isle of Wight Council Pension Fund (the fund) for its own employees and those of 16 scheduled bodies and 14 admitted bodies.

5.2 Governance Structure

The Isle of Wight Council Pension Fund governance structure is illustrated below. This structure relates to the administering authority responsibilities only. Isle of Wight Council is also an employer within the fund. A separate governance structure and scheme of delegation is in place in relation to the 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 of 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 and Accountancy (CIPFA).

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

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

- v) providing assistance to employers on the pension implications of outsourcing services and on dealing with bulk transfers of pension rights.

- g) Monitoring and managing all aspects of the fund's performance:
 - i) appointing and regularly monitoring the performance of investment managers, a fund actuary, custodian and professional advisors.
 - ii) appointing an additional voluntary contribution provider.
 - iii) agreeing and monitoring key performance indicators for all areas of fund administration, management and governance.

- h) Establishing and operating internal controls to administer and manage the scheme in accordance with the scheme rules, the law and the Pensions Regulator's Code of Practice.

The committee is required to meet formally four times a year. Since 2018-19, the committee has been meeting formally eight times each year, with alternate meetings considering 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 employer within the fund with 85% of the contributing membership.

The committee consists of:

- seven elected members, on a politically proportionate basis, with voting rights.
- one representative of the other scheme 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 Council 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 by the administering authority and operates independently of the pension fund committee.

The board is not a committee constituted under section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the council's constitution, standing orders or scheme of delegation apply to the board unless expressly provided.

The board is accountable to the scheme manager and the Pensions Regulator.

The role of the board is to:

- a) Assist, advise and hold to account the Isle of Wight Council as administering authority and the Pension Fund Committee as scheme manager:
 - i) to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS.
 - ii) to secure compliance with requirements of the Pensions Regulator.
 - iii) to secure the effective and efficient governance and administration of the LGPS for the Isle of Wight Council Pension Fund.
 - iv) in any other matters specified in the LGPS regulations.
- b) Ensure that the LGPS is managed and administered effectively and efficiently and the administering authority complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- c) Regularly review the performances of its appointed advisers.

The board is constituted with an equal number of employer and scheme member representatives, with a minimum total membership of four and a maximum of eight. Membership currently comprises two employer representatives and two scheme member 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>

Revisions to the board's terms of reference will be presented to the September 2020 meeting of Isle of Wight Council as part of the review of the council's constitution. These revisions include allowance for an independent chairperson to be appointed to the board.

6 Investment Pooling

The fund is one of eleven LGPS funds participating in the ACCESS pool. The fund is represented on the Joint Committee (JC) by the chair of the pension fund committee. Each participating authority has signed the inter authority agreement (IAA) which determines the governance and operation of the pool.

The ACCESS pool has established the following strategic objectives:

- To enable participating authorities to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.
- To provide a range of asset types necessary to enable authorities to execute their locally determined investment strategies as far as possible.
- To enable participating authorities to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

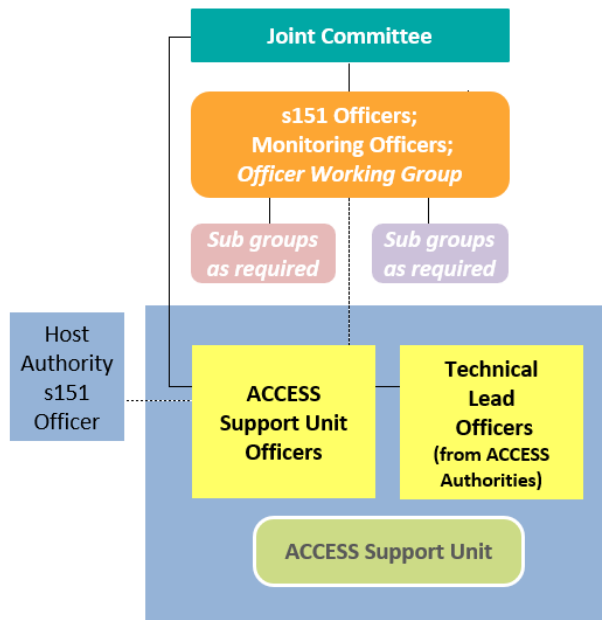
In order to achieve these objectives, the participating authorities have established a set of governing principles, summarised below:

- Collaborative.
- Risk Management.
- Objective, evidence-based decisions.
- Equitable voice in governance.
- Professionalism.
- Equitable cost sharing.
- No unnecessary complexity.
- Evolution and innovation.
- Value for money.

Implicit within the above principles is the democratic accountability and fiduciary duty of LGPS authorities.

The Joint Committee is supported by the ACCESS Support Unit (ASU), hosted by Essex County Council, and is advised by the section 151 officers from each authority and by an Officer Working Group (OWG) on which each of the administering authorities are represented.

The ACCESS pool governance structure is illustrated below:



7 Review

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