



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	2 SEPTEMBER 2020
Title	GOVERNANCE POLICY ANNUAL REVIEW
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report presents the revised governance policy for the Isle of Wight Council Pension Fund following the annual review.
2. Revisions to the policy have been reviewed and agreed by the Isle of Wight Pension Board (the board) following their meeting in June 2020.
3. On recommendation from the board, the committee is asked to adopt the revised governance policy, approve it for publication on the fund's website and for inclusion in the fund's annual report and accounts.

BACKGROUND

4. 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 LGPS regulations).
5. The committee last reviewed and updated the policy at its meeting on 8 February 2019. The annual review scheduled for February 2020 was initially delayed due to work pressures and subsequently the Covid-19 pandemic crisis.
6. A summary statement of changes made to the governance policy is included at Appendix 1 to this report, with the revised governance policy presented in full as Appendix 2.
7. The most substantive changes to the policy are the expansion of the section relating to the role of the local pension board (section 5.5 of appendix 2 to this report) and the inclusion of a section on investment pooling (section 6 of the appendix).

STRATEGIC CONTEXT

8. 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.

9. The committee has adopted the following governance objectives, which are embedded within the governance policy:
- Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.
 - Ensure the fund is managed, and its services provided, by people with the appropriate knowledge and understanding.
 - Communicate in a friendly, expert and direct way to our stakeholders, treating each equally according to their needs.
 - Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and evidence based.
 - Understand and monitor risk and compliance.
 - Continually measure and monitor success against objectives.

CONSULTATION

10. The amendments to the governance policy were discussed by the pension board at its meeting on 17 June 2020, and subsequently at an informal board meeting.
11. The board members agreed the changes made, and recommend the policy for adoption by the committee.

FINANCIAL / BUDGET IMPLICATIONS

12. There are no direct financial implications in adopting the amendments to this policy.

LEGAL IMPLICATIONS

13. Under regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended), 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.
14. The regulations set out the contents of the governance policy, and the process by which it should be reviewed and revised, and how such revisions should be consulted upon.

EQUALITY AND DIVERSITY

15. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
16. There are no implications on any of the protected characteristics arising from the proposed changes to the Governance Policy.

RISK MANAGEMENT

17. It is the responsibility of Isle of Wight Council, as administering authority for the Isle of Wight Council Pension Fund, to ensure that the fund is properly governed and administered in compliance with relevant regulations and other requirements. The council has delegated this function to the pension fund committee, under section 101 of the Local Government Act 1972.
18. Adopting the revisions to this policy, relevant to all pension schemes for which the council is responsible, will ensure continued compliance with the requirements of the Pensions Regulator.
19. Should the council fail to ensure appropriate standards of governance and administration of the pension schemes for which it has responsibility, the Pensions Regulator has the power to issue an improvement notice under section 13 of the Pensions Act 2004. This would have reputational issues for the council.

RECOMMENDATION

20. The pension board recommends that the committee adopts the revised governance policy.
21. The committee approves the governance for publication on the fund's website and for inclusion in the fund's annual report and accounts.

APPENDICES ATTACHED

22. [Appendix 1](#): Statement of changes to the governance policy 2020.
23. [Appendix 2](#): Isle of Wight Council Pension Fund Governance Policy 2020.

BACKGROUND PAPERS

24. Isle of Wight Council Pension Fund Governance Policy 2019.
<https://isleofwightpensionfund.org/media/4427/iwfpplusgovernancepluspolicyplus2019plusfinal.pdf>

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