



City of Westminster

General Purposes Committee Report

Item No:

Date:

Classification:

Title of Report:

Report of:

Wards involved:

Policy context:

Financial summary:

Report Author:

Contact details

3 July 2006

For General Release

To consider the Governance and Communications Policies for the City of Westminster Superannuation Fund.

To amend the terms of reference of the Investments Committee

To give delegated authority for the execution of matters arising within the management of the City of Westminster Superannuation Fund

Director of Finance

Director of Legal and Administrative Services

None

Prudent management of the Superannuation Fund's Investments and minimising any potential impact on Council Tax

There are no financial implications as The new structure of the fund is designed to improve overall investment performance and thereby minimise the impact of future liabilities on the General Fund

Ian Woodall

**Tel: 020 7641 1788
Email: iwoodall@westminster.gov.uk**

1. Summary

- 1.1 To seek the Committee's approval to publish a Governance Policy and a Communications Policy to meet the requirements of the Local Government Pension Scheme Regulations 1997, as amended.
- 1.2 To give delegated authority for the execution of matters arising within the management of the City of Westminster Superannuation Fund, to ensure prudent and timely handling of the management of the Fund.

2. Recommendations

- 2.1 That the Committee approves the Governance and Communication Policies (as attached at Appendix A and B) and refers them and this report to the Superannuation Investments Committee for noting.
- 2.2 That the Committee recommends to the Full Council that it agrees an amendment to the terms of reference of the Investments Committee so that the terms read as follows:
 - the investment and other management of the Superannuation Fund,
 - to agree the investment strategy having regard to the advice of the Fund's managers and the independent adviser,
 - to monitor performance,
 - to determine the Fund management arrangements and appointments of Fund Managers, Custodians and Fund Advisers, and
 - to agree the Statement of Investment Principles, the Funding Strategy Statement, the Business Plan for the Fund, the Governance Policy Statement and the Communications Policy Statement and to ensure compliance with these.
 - to ensure compliance with all relevant statutes, regulations and best practices with both the Public and Private Sectors.
- 2.3 That the Director of Finance, and their appointed Deputy, are delegated the following authority:

To give such authorisation as may be required for the proper and prudent administration of the City of Westminster Superannuation Fund, including, but not limited to, the granting of powers of attorney to the Custodian or such Sub Custodians as may be appointed by the Custodian, in such form as approved by the Custodian in advance

3. Background - Governance and Communications Policies

- 3.1 Westminster City Council is an administering authority pursuant to the Local Government Pension Scheme Regulations 1997. An amendment to those Regulations made by the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2005 provides that an administering authority must

prepare, maintain and publish a Governance Policy Statement and a Communications Policy Statement

- 3.2 The Governance Policy Statement must set out whether the administering authority delegate 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 administering authority. If the authority delegates that function or part of that function to a committee, subcommittee or an officer of the administering authority, the Governance Policy Statement must also set out (a) the frequency of any committee or sub-committee meetings; (b) the terms of reference, structure and operational procedures of the delegation; and (c) whether the committee or sub-committee includes representatives of employing authorities (including non-Scheme employers) or members, and if so, whether those representatives have voting rights.
- 3.3 The Communications Policy Statement must set out the administering authority's policy concerning communications with (a) members; (b) representatives of members; (c) prospective members; and (d) employing authorities. In particular, the Communications Policy Statement must set out the administering authority's policy on
(a) the provision of information and publicity about the Scheme to members, representatives of members and employing authorities;
(b) the format, frequency and method of distributing such information or publicity; and
(c) the promotion of the Scheme to prospective members and their employing authorities.
- 3.4 The regulations also required that the first such statements had to be published on or before 1 April 2006. The statements were not published by 1 April 2006. Corrective action is now being taken in that the statements have been submitted to this Committee for approval. It is intended to submit a report on this for the Investments Committee to note on 4 July.
- 3.5 The Governance and Communications Policies are to be published on both the Council's intranet and internet sites. They will also be available, on request, by email.
- 3.6 The Governance Policy Statement must set out the terms of reference of the Investments Committee. At present, the terms of reference simply refer to the "Investment and other management of the Superannuation Fund". For the avoidance of doubt, it is considered that the terms of reference need to be amplified to set out more clearly the actual parameters of the delegation to the Investments Committee. Recommendation 2.2 is designed to achieve that purpose. If adopted, the alteration to the terms of reference will mean that, among other things, future amendments to the Governance Policy Statement and the Communications Statement can be referred directly to that Committee rather than the General Purposes Committee.
- 3.7 A review of the management and monitoring of member benefits, payments and scheme administration is planned for late 2006.

4. Background - Delegations for Officers for Pension Fund Matters

- 4.1 The City Council has appointed professionals to actively manage the investments and the custody of the assets of the Superannuation Fund. During the course of each financial year, a number of actions are required to be directly authorised by the City Council as Client to our Investment Managers and Custodian.
- 4.2 The Director of Finance needs to be able to authorise these actions as and when they arise to ensure timely responses to what can be time critical. The exercise of this authority is undertaken for the best interests of the fund and its performance.
- 4.3 The proposed general delegation is drafted in wide terms so as to ensure that the Director of Finance has such authority as may be necessary to properly address any issues that may arise from time-to-time. The Director of Finance can refuse to exercise that general delegation if it is considered that there is insufficient information to enable the delegation to be exercised on an informed basis.
- 4.4 The specific delegation has been identified, following the restructuring of the Fund, as an immediate and recurring requirement following the award of the Global Custodian contract.

5. Legal Implications

- 5.1 This matter will be the subject of a short report by the Monitoring Officer to the full Council in accordance with provisions contained in section 5(2) of the Local Government and Housing Act 1989 (the 1989 Act). This requires the monitoring officer to report to the authority when it appears to him that a proposal, decision or omission by the authority has given rise to a contravention of any enactment.
- 5.2 In preparing his report, the monitoring officer has to consult with the Chief Executive and the Director of Finance as required by section 5(3)(a) of the 1989 Act. A copy of the report will also be sent to every member of the Council in accordance with section 5(3)(b) of the 1989 Act.

6. Financial Implications

- 6.1 There are no financial implications

7. Ward member Consultation

- 7.1 No consultation required

Background Information

If you would like to inspect one of the background papers or speak to someone about this report please contact Ian Woodall – Tel: 020 7641 1788;
Email: iwoodall@westminster.gov.uk

Background Documents

NONE

Appendices

| | |
|------------|-----------------------|
| Appendix A | Governance Policy |
| Appendix B | Communications Policy |



City of Westminster

GOVERNANCE POLICY

City of Westminster Superannuation Fund

As Amended: June 2006

CITY OF WESTMINSTER SUPERANNUATION FUND

GOVERNANCE POLICY

Background

The Local Government Pension Scheme (Amendment) (No 2) Regulations 2005 require administering authorities to prepare and maintain a separate written statement of governance policy on pension fund matters.

Governance is the leadership, direction and control of organisations to ensure they achieve their aims and objectives. In public service organisations particularly these processes need to be clear and open to scrutiny.

General Information

The City of Westminster Superannuation Fund (the Fund) operates under the Local Government Pension Scheme and publishes separately its Statement of Investment Principles, Funding Strategy Statement and Communications Policy Statement. These are available on the Council's website.

The Superannuation Investments Committee (the Committee) consists of six Members, with its membership allocated proportionally to party political representation on the full Council.

Officers who undertake the administration and management of the Fund on a day to day basis and advise the Committee include the Director of Legal and Administrative Services and the Director of Finance. These advisers do not have voting rights.

A Union representative has a right to attend all meetings as an observer and receives copies of the published Agenda for the Committee.

The Lord Mayor, the Leader of the Council and the Leader of the Opposition also have rights to attend all meetings.

Admitted Bodies are not represented at the Committee meetings but are consulted on a regular basis.

Members and observers are required to attend training sessions to assist them in making informed investment decisions and to keep them informed on other matters concerning the Local Government Pension Scheme.

In addition to the Director of Finance, the Committee is advised on financial issues by the Fund's independent investment advisors, the Fund's custodian and the Fund's investment managers.

The Director of Finance is responsible for ensuring that the in-house team is providing adequate support to the Committee.

The investment managers are required to produce quarterly performance reports and present to the Committee on at least six monthly intervals on the implementation of the investment policy and investment performance.

The Superannuation Fund's performance is regularly assessed by an independent performance measurement organisation.

The Fund's procedures are subject to audit and scrutiny by both the City Council's internal audit team and by external auditors appointed by the Audit Commission.

Management

The City Council has delegated its pension fund management functions to the Committee.

The Committee is made up of six Councillors, five majority party members and one minority party member.

The City Council's Section 151 Officer has delegated authority to ensure the prudent day to day management of the Fund through the contract monitoring of the Fund's performance and its Investment Managers.

Committee Meetings

The Committee has two scheduled meetings a year. Additional meetings are arranged as necessary to deal with specific issues. Committee meetings are held at Westminster City Hall, Victoria Street or Council House, Marylebone Road.

Committee Terms of Reference

The Terms of Reference for the Superannuation Investments Committee are:

- Investment and other management of the Superannuation Fund

Advice and Monitoring

The investment managers present to the Committee at six monthly intervals and other meetings held as and when needed.

The independent advisers to the Committee attend all meetings.

Actuarial valuations are carried out triennially.

Guidance provided from the Chartered Institute of Public Finance and Accountancy and the Local Government Pension Scheme are considered by all parties involved in maintaining and managing the Fund.



City of Westminster

COMMUNICATIONS POLICY

City of Westminster Superannuation Fund

As Amended: June 2006

CITY OF WESTMINSTER SUPERANNUATION FUND

COMMUNICATIONS POLICY

Outline

The Local Government Pension Scheme (Amendment (No 2) Regulations 2005 require administering authorities to prepare, publish and maintain a policy statement setting out its communication strategy for communicating with scheme members, scheme members' representatives, prospective scheme members and their employing authorities.

The Regulations require each administering authority in England and Wales to prepare, maintain and publish a statement setting out their policy on communicating with:

- Scheme Members,
- Members' Representatives
- Prospective members
- Employers participating in the Fund

This document sets out the mechanisms that are used to meet our communication needs. We aim to use the most appropriate communication method for the audiences receiving the information. This may involve using more than one medium of communication.

General Communication

Correspondence

The Fund uses the postal service and e-mail to receive and send correspondence.

Telephone

The London Pension Fund Authority (LPFA), the Council's third party administrators, have one contact number which is widely publicised in scheme literature together with the Council's Pensions Manager and Clientside Monitoring Officer's phone numbers.

Pension's workshop

These are held as and when required by the business, i.e. organisation changes, scheme regulation changes.

Prospective Scheme Members

Scheme Guides

Scheme guides are provided to all new prospective scheme members on appointment and can be viewed on the intranet.

Pension Roadshows

This is a valuable aid for scheme members. Roadshows will be used to target groups of employee requiring additional more detailed pensions information. This will ensure members receive the information required to make an informed choice with regards to their pension provision.

Pension's Intranet site

The council's Intranet pensions Website is regularly updated with current pensions information including legislative changes and scheme member notifications. It additionally contains all

employee pension guides, electronic forms, discretion policies, more detailed pensions information on specific issues, links to other relevant and important websites and email addresses to scheme administrators and Pension Scheme Manager. It is seen as a key method of communication.

Trade Unions/Employer Representatives

We will work with the relevant Trade Unions and Employer Representatives to ensure the Scheme is understood by all interested parties. All efforts will be made to ensure that all pension related issues are communicated effectively with the Trade Unions.

Scheme Employers

All Employer Forums

Meetings are held periodically for employers; specifically this has been used as a mechanism for communicating major strategic issues, significant legislation changes, triennial valuation matters and the Funding Strategy Statement.

Employers' are kept informed throughout the process of the tri-annual valuation which is carried out by the Councils "Actuaries. The employers' comments are always encouraged and welcomed and where appropriate taken into consideration.

Employers' Guide

An Employers' guide has been produced in Partnership with the LPFA to assist the smaller employers in discharging their pension administration responsibilities.

Other Bodies

London Pensions Officer's Group

Pensions Officers from other London Boroughs meet regularly in order to share information and ensure uniform interpretation of Local Government Pension Scheme, and other prevailing regulations.

National Information Forum

All administering Authorities are invited to attend, these meetings provide an opportunity to discuss issues of common interest and share best practice. The Office Government Pensions Committee are represented at each meeting.

National Association of Pension Funds (NAPF)

All administering Authorities who are members of the NAPF are invited to attend, these meetings provide an opportunity to discuss issues of common interest and share best practice

Seminars

Representatives of the Council regularly participate at seminars and conferences.

The table below shows the availability of Fund publications along with their publication frequency and review periods.

| Communication Material | Paper based | Electronic form | Intranet for staff | When published | When reviewed |
|-----------------------------------|--------------------|------------------------|---------------------------|---------------------------------------|------------------------|
| Pension Scheme Guide | √ | √ | √ | Constantly available | Quarterly |
| Purchase of Additional Membership | √ | X | √ | Constantly available | Quarterly |
| Annual Benefits Statements | √ | X | √ | Annually | Annually |
| Statutory Notifications | √ | X | X | On joining & ABS | Annually |
| Pension Updates | √ | √ | √ | As required | After each publication |
| Annual Pension Fund Report | √ | X | √ | Annually | Annually |
| Early Leaver information | √ | √ | √ | Sent with Deferred benefits statement | Annually |
| Retirement information | √ | √ | √ | Sent with retirement details | Annually |
| Pension Increase letters | √ | X | X | Annually | Annually |
| Actuarial valuation report | √ | X | X | Tri-annually | Tri-annually |
| Superannuation Committee | √ | √ | √ | Quarterly | Quarterly |
| Communication Policy | √ | √ | √ | Upon request | Quarterly |
| Governance Policy | √ | √ | √ | Upon request | Quarterly |

Further Information

If you need more information about the Scheme you should contact the London Pensions Fund Authority at the following address:

London Pension Fund Authority

Dexter House
4 Royal Mint Court
Tower Hill
London
EC3N 4LP

Tele: 0207 369 6000

Fax: 0207 369 6111

Email: Westminster@lpfa.org.uk

Westminster City Council

Jon Everard
Pensions and Payroll Manager
City Hall
Victoria Street
SW1E 6QP

Tele: 020 7641 3334

Fax: 0207 641 2376

Email: jeverard@westminster.gov.uk