



City of Westminster

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	8 September 2015
Classification:	Public
Title:	Governance Arrangements
Wards Affected:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	Steven Mair <i>City Treasurer</i> smair@westminster.gov.uk 020 7641 2904

1. Executive Summary

- 1.1. This report presents the draft Knowledge and Skills policy, the updated Governance Compliance Statement and summarises the equity fund manager responses to the Stewardship Policy.

2. Recommendations

- 2.1 The Committee is asked to note the contents of the report and the responses of the equity managers.
- 2.2 The Committee adopts the statements set out in 3.3 from the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.
- 2.3 The Committee approves the draft Knowledge and Skills policy statement attached at Appendix 1.
- 2.4 The Committee agree to complete the Knowledge and Skills self-assessment (annex 1A) and return to the Tri-borough Pension Team by 2nd October 2015

- 2.5 The Committee approves the Governance Compliance Statement set out in Appendix 2, subject to consultation with the employers of the Pension Fund, and agreement of the final version being delegated to the City Treasurer in consultation with the Chair of the Pension Fund Committee.

3. Knowledge and Skills Policy

- 3.1 The adoption of a Knowledge and Skills policy statement demonstrates good governance and ensures the Fund is compliant with best practice.
- 3.2 Pension Board members are required by law to demonstrate knowledge and skills and undertake training if required. Pension Fund Committee members do not have the same legal requirement, however CIPFA's Code of Practice on Public Sector Finance Knowledge and Skills recommends that a policy is adopted.
- 3.3 CIPFA have published a Code of Practice on Public Sector Knowledge and Skills and recommend that local authority pension funds demonstrate their commitment to knowledge and skills in their Pension Fund by adopting the following statements:
- This organisation adopts the key recommendations of the *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*.
 - This organisation recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills.
 - Accordingly this organisation will ensure that it has adequate resources, formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.
 - These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements.
 - This organisation will report annually on how these policies have been put into practice throughout the financial year.
 - This organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Director of Finance, who will act in accordance with the organisation's policy statement, and, where he is a CIPFA member, with *CIPFA Standards of Professional Practice*.
- 3.4 Appendix 1 is a draft Knowledge and Skills policy statement which has been prepared on the basis of CIPFA's knowledge and skills framework and also incorporates The Pensions Regulator's requirements for

Pension Board members. It has been drafted to be appropriate for members of the Pension Fund Committee, Pension Board members and pension fund officers.

- 3.5 The focus of the policy statement is to recognise the wealth of knowledge and experience members already have and to use a self-assessment approach to determining what training is required. In line with the CIPFA Code of Practice it is recommended to repeat the self-assessment annually and report on the implementation of the policy in the Pension Fund annual report.
- 3.6 Members are asked to complete the self-assessment form included as Annex 1 to the policy statement and return it to the Tri-borough Pensions Team by 2nd October 2015. The assessments will be collated along with those of the Pensions Board members and a proposal for a training programme will be reported to the next meeting of the Pension Fund Committee in November 2015.

4. Governance Compliance Statement

- 4.1 The Local Government Pension Scheme regulations 2013 require all administering authorities to prepare and maintain a Governance Compliance statement. This statement should explain the governance arrangements for the Fund and the level of compliance with statutory guidance issued by the Secretary of State for Communities and Local Government. The regulations also state that it is a requirement to consult “such persons as it (the Pension Fund) considers appropriate” before finalising a revised statement.
- 4.2 The establishment of the Pension Board in February 2015 means it is now timely to review the statement. An update on the Pension Board is reported elsewhere on this agenda.
- 4.3 The draft Governance Compliance statement is attached at Appendix 2. This incorporates the establishment of the Pension Board. The annex to the statement shows the level of compliance with the statutory guidance. This guidance has not yet been updated for the introduction of Pension Boards. The only areas where the Fund is not compliant relate to representation from scheme members and employers on the committee. These groups are however represented on the Pensions Board.
- 4.4 Consultation with the employers of the Pension Fund will take place following the Committee’s consideration of the Governance Compliance Statement, before it is published.

5. Stewardship Policy

- 5.1 The Stewardship Policy was approved by the Committee in November 2014. It was agreed at that meeting that the policy would be circulated to equity fund managers for comment.
- 5.2 The responses from the managers are summarised in Appendix 3, none of which are considered significant enough to amend the policy.
- 5.3 Subject to any further comments the Committee may have, the Stewardship Policy will be published on the Fund's internet webpage.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None

APPENDICES:

- Appendix 1 – Draft Knowledge and Skills Policy
- Appendix 2 – Draft Governance Compliance Statement
- Appendix 3 – Responses to Stewardship Policy