

## GOVERNANCE POLICY STATEMENT

### 3.1 Introduction

3.1.1 This statement sets out the scheme of delegation, the terms of reference, structure and operational procedures of the delegation.

### 3.2 Relationship of Merseyside Pension Fund and Wirral Council

3.2.1 Wirral Council is an 'administering authority' under the Local Government Pension Scheme (Administration) Regulations 2008 and, as such, is simply authorised to manage assets held for the scheme and carry out any other specified activities associated with the operation of the scheme. The authority is not authorised to give investment advice generally.

3.2.2 Due to this status, the Fund is not required to be regulated by the Financial Services Authority (FSA) in order to operate its business. It is regulated by the Department for Communities and Local Government (DCLG).

3.2.3 As an administering authority, Wirral Council is required to act as if the Fund were set up under trust with the authority itself as the sole trustee, although the assets are not trust assets in the legal sense.

### 3.3 Pensions Committee

#### 3.3.1 Membership

The Committee is comprised of fifteen voting members; ten of whom are members of Wirral Council, four members from the other local authorities and one member representing the other employing organisations in the Fund. Three trade union representatives, with observer status, are invited and represent active, deferred and pensioner members.

#### **SCHEME OF DELEGATION OF (NON-EXECUTIVE) FUNCTIONS TO COMMITTEES**

3.3.2 Under its Constitution, the council delegates, under Section 101 of the Local Government Act 1972 to Pensions Committee all those non-Executive functions vested in it, identified in the terms of reference for the Committee (See paragraph 3.3.3 below).

The Scheme delegates powers and duties within broad functional descriptions and includes powers and duties under all legislation present and future within those descriptions and all powers and duties including any statutory re-enactment or moderation of the legislation referred to in this Scheme.

Any exercise or responsibility for functions or delegated powers shall comply with:

- any statutory requirements;
- the Council's Constitution;
- the Council's Budget and Policy Framework and approved budget;
- the Members Code of Conduct;
- the Code of Recommended Practice on local authority publicity;
- the agreed arrangements for recording decisions;

This scheme does not delegate any matters reserved by law to the full Council or assigned to the Executive.

### **3.3.3 Pension Committee Terms of Reference**

- 1) To exercise on behalf of the Council all of the powers and duties of the Council in relation to its functions as administering authority of the County of Merseyside Pension Fund, and in particular the following:
- 2) To be responsible for the overall investment policy, strategy and principles of the Fund and its overall performance.
- 3) To appoint and terminate professional advisers to, and external managers of, the Fund and agree the basis for their commission and remuneration.
- 4) To receive actuarial valuations of the Fund and determine the level of employers' contributions necessary to balance the Fund.
- 5) To monitor the Local Government Pension Scheme including the benefit regulations and payment of pensions and their day to day administration and to be responsible for any policy decisions relating to the administration of the scheme.
- 6) To consider any views expressed by employing organisations, staff representatives and other stakeholders relating to the Fund.
- 7) To appoint members of the Investment Monitoring Working Party, which shall have responsibility for reviewing the performance of the Fund's investments and its asset allocation and regularly reporting their findings to the Pensions Committee.

- 8) To appoint members of the Governance and Risk Working Party, which shall have responsibility for reviewing governance and risk issues and regularly reporting their findings to the Pensions Committee.
- 8) To award contracts for goods and services relating to the Fund in accordance with the Contract Procedure Rules after taking into account the recommendations of officers and external professional advisors (where appropriate).

## **SCHEME OF DELEGATION OF FUNCTIONS TO OFFICERS**

### **The Director of Finance**

3.3.4 The following functions, particular to the Pension Fund, are delegated to the Director of Finance pursuant to Section 101 of the Local Government Act 1972 and by the Executive under Section 15 of the Local Government Act 2000.

- 1) Undertake all day to day administration of, and investment decisions for, the Merseyside Pension Fund within the policy laid down by the Pensions Committee including the authorisation of admission agreements with transferee admission bodies pursuant to Best Value arrangements, as required by the Local Government Pensions Scheme Regulations.
- 2) Terminate a contract of an external investment manager and enter into any consequential arrangements for the transitional management of the Fund's investments pending the decision of the Pensions Committee on the award of a new contract.

The Director of Finance may authorise officers in his department to exercise on his behalf, functions delegated to him. Any decisions taken under this authority shall remain the responsibility of the Director of Finance and must be taken in his name, and he shall remain accountable and responsible for such decisions.

### 3.4 Decision-making structure

3.4.1 The structure for the management of the Fund is as follows:

#### **PENSIONS COMMITTEE**

14 elected Members  
1 employer representative  
3 active, deferred and pensioner member representatives  
(minimum of 5 meetings per annum)



#### **INVESTMENT MONITORING WORKING PARTY**

Members of Pension Committee +  
Director of Finance +  
The Head of Pension Fund+  
Independent advisers  
(6 meetings per annum)

#### **GOVERNANCE AND RISK WORKING PARTY**

Members of Pensions Committee+  
Director of Finance +  
The Head of Pension Fund+ Other officers as required  
(Monthly 1 or 2 meetings per annum)



#### **FUND OPERATING GROUP**

Director of Finance + Deputy Director of Finance + Head of Pension  
Fund + Principal Pension Officer + Senior Investment Manager +  
Financial Controller (and deputies)  
(monthly meetings)



#### **HEAD OF PENSION FUND**

**3.5** The functions for the various elements are as follows:

**3.5.1 Pensions Committee**

To exercise on behalf of the Council all of the powers and duties of the Council in relation to its functions as administering authority of the County of Merseyside Pension Fund.

**3.5.2 Investment Monitoring Working Party (IMWP)**

Has responsibility for reviewing the performance of the Fund's investments and its asset allocation and regularly reporting their findings to the Pensions Committee.

**3.5.3 Fund Operating Group (FOG)**

Forum for formal monthly reports to the Director of Finance on the day to day operations of the Fund.

**3.5.4 Head of Pension Fund**

Responsible to the Director of Finance and has delegated authority to make investments or to delegate to other employees investment decisions in accordance with the Fund's strategic benchmark and delegated dealing limits.

**3.6 Policy on Training and Expenses**

3.6.1 Details of the policy on training and payment of expenses in respect of members of the Pensions Committee is set out in annex 1 attached.

**3.7. Accountability and Publication of Information**

3.7.1 Details of Pensions Committee meetings are published on the Wirral MBC website together with agendas, reports to be considered by the Committee and minutes of proceedings. The meetings of the Pensions Committee which are held at Wallasey Town Hall are open to the public

3.7.2 An Annual Pension Fund Report and Accounts is published and circulated to all employing bodies reporting on the activities and investment performance of the Fund during the year. Details of matters considered during the year and meetings held are reported and a copy of the annual report is available on the Fund website. Extracts of the annual report and details of its availability are also reported in the "beeline" newsletter sent to all scheme members.

### **3.8. Meetings With Stakeholders**

- 3.8.1 An Annual Employer Conference is held to which all Fund employers and elected members of the Pensions Committee are invited to attend. The annual conference is an opportunity for employers to question and challenge officers and elected members on matters of interest to their authorities and organisations.
  
- 3.8.2 The Fund also holds other meetings as required with Employers to discuss important issues. Those held in recent years have considered the Funding Strategy, Proposed changes to Inland Revenue Treatment of Pensions, Internal Dispute Resolution and Ill Health Retirement Policy and Procedures.

### **3.9. Compliance Statement**

- 3.9.1 The Fund fully complies with the best practice guidelines on governance issued by the DCLG and details can be found at annex 2 attached.

## **ANNEX 1**

### **Merseyside Pension Fund**

#### **TRAINING AND EXPENSES POLICY FOR MEMBERS OF PENSION COMMITTEE**

##### 1. Introduction

Myners' first principle recommends that "decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively". Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

Trustees should ensure that they have sufficient in-house staff to support them in their investment responsibilities and should assess whether they have the right set of skills, both individually and collectively, and the right structures and processes to carry out their role effectively.

##### 2. Legal Considerations

Elected members have a fiduciary responsibility to the Fund, scheme members and local council tax payers in relation to the Local Government Pension Scheme. They can delegate functions to officers but they retain overall responsibility for the management of the fund and its investment strategy, and individual decisions about investments.

Administering authorities are required to take proper advice to enable them to fulfil their obligations under the above regulations. "Proper advice" is defined in the regulations as "the advice of a person who is reasonably believed...to be qualified by his ability in and practical experience of financial matters...."

##### 3. Training Policy and Plan

3.1 The Fund has had regard to the legal requirements set out in the Local Government Pension Scheme Regulations, other relevant legislation and best practice guidance published by CIPFA and other professional and regulatory bodies in drawing up this policy to ensure that all those involved in the decision making process receive all relevant training required to properly discharge their responsibilities.

3.2 The Fund arranges an annual program of external and internal training events throughout the year designed to meet the requirements both of new members of the Committee and the ongoing needs of existing members.

3.3 These events are reported, formally, to Members on an annual basis. Individual reports, to authorise attendance by Wirral members at these events are put to Committee on an event by event basis.

4. Policy for Payment of Expenses

4.1 The Fund will reimburse all reasonable costs and expenses incurred in undertaking approved training for all members of the Pensions Committee including the representatives of the active, deferred and pensioner members.

4.2 Claims should be submitted to the Fund and supported by an official receipt.

4.2 Members serving on the Committee from other local authorities or organisations may choose to continue to claim any such expenses from these bodies instead if they prefer.

## ANNEX 2 Merseyside Pension Fund Governance Compliance Statement

Part	Governance Requirement	Fully Compliant
II/A	<p><b><u>Structure</u></b></p> <p>a. The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.</p> <p>b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.</p> <p>c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</p> <p>d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
II/B	<p><b><u>Representation</u></b></p> <p>a. That all key stakeholders are afforded the opportunity to be represented, within the main or secondary committee structure. These include:-</p> <p style="padding-left: 40px;">i) employing authorities (including non-scheme employers, eg, admitted bodies);</p> <p style="padding-left: 40px;">ii) scheme members (including deferred and pensioner scheme members),</p> <p style="padding-left: 40px;">iii) independent professional observers, and</p> <p style="padding-left: 40px;">iv) expert advisors (on an ad-hoc basis).</p> <p>b. That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	<p>Yes</p> <p>Yes</p>
II/C	<p><b><u>Selection and role of lay members</u></b></p> <p>a. That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	<p>Yes</p>

II/D	<p><b><u>Voting</u></b></p> <p>a. The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p> <p>Following consultation undertaken with all stakeholders groups during 2008 the Fund confirmed that it believes its current representation and voting arrangements are appropriate to ensure good governance.</p> <p>Although they do not have voting rights the three trade union members representing the interests of active, pensioner and deferred members are able to play a full role in all aspects of the Governance of the Fund, including attendance at the Pension Committee and Investment Monitoring Working Party. They receive copies of all reports and are included in all training and briefings.</p>	Yes
II/E	<p><b><u>Training/Facility time/Expenses</u></b></p> <p>a. That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</p> <p>b. That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p>	Yes  Yes
II/F	<p><b><u>Meetings (frequency/quorum)</u></b></p> <p>a. That an administering authority's main committee or committees meet at least quarterly.</p> <p>b. That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.</p> <p>c. That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented</p>	Yes  Yes  Yes

II/G a.	<p><b><u>Access</u></b></p> <p>That subject to any rules in the Council’s constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.</p>	Yes
II/H a.	<p><b><u>Scope</u></b></p> <p>That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.</p>	Yes
II/I a.	<p><b><u>Publicity</u></b></p> <p>That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.</p>	Yes

**DRAFT**  
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