

Avon Pension Fund - Governance Compliance Statement

The Local Government Pension Scheme (Administration) Regulations 2008 require the administering authority to prepare a Governance Compliance Statement. This statement should be read in conjunction with the Governance Policy Statement (see Appendix A to this statement).

Statutory Governance Principles	Compliance status and justification of non-compliance
A - Structure	Compliant
<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>Bath & North East Somerset Council, as administering authority, has executive responsibility for the Fund. The Council delegates its responsibility for administering the Fund to the Avon Pension Fund Committee (APFC) which is the formal decision making body for the Fund. The Committee is subject to Terms of Reference as agreed by the Council, the Council's standing orders and financial regulations including the Codes of Practice.</p> <p>The APFC consists of 12 voting members, viz:</p> <ul style="list-style-type: none"> - 5 elected members from Bath & North East Somerset Council - 3 elected members from the other West Of England unitary councils - 1 nominated by the trades unions - 1 nominated by the Higher/Further education bodies - 2 independent members <p>and 4 non-voting members, viz:</p> <ul style="list-style-type: none"> - 3 nominated by the trades unions - 1 nominated by the Parish/Town Councils <p>The Avon Pension Fund established an Investment Panel in June 2009 to consider matters relating to the management and investment of the assets of the Fund and advise the main Committee on such matters. The Investment Panel is made up of members of the main Committee. The Panel is not a decision –</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>making body, it makes recommendations to the Committee. The minutes of Investment Panel meetings form part of the main Committee agenda.</p> <p>Every member of the Investment Panel is a member of the main Committee.</p>
<p>B – Representation</p>	<p>Partial Compliance</p>
<p>a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary Committee structure. These include:</p> <ul style="list-style-type: none"> i) employing authorities (including non-scheme employers , e.g. admission bodies); ii) scheme members (including deferred and pensioner scheme members); iii) where appropriate, independent professional observers; 	<p>There are 9 voting members representing the employer bodies and 1 non-voting member representing the Parish /Town Councils. Admission Bodies are not formally represented within the Committee structure it is difficult from a purely practical perspective to have meaningful representation from such a diverse group of employers. The appointment of independent members was, in part, to provide representation on the Committee independent of all the employing bodies. All employing bodies are included in all consultation exercises that the Fund undertakes with its stakeholders.</p> <p>There are arrangements in place for the public, including employing bodies and members of the Avon Pension Fund to make representations to the Committee at the Committee meetings.</p> <p>There are 4 trades union representatives (1 with voting rights and 3 non-voting), nominated by the individual trades unions on the Committee. These Committee members also represent the deferred and pensioner members.</p> <p>The Fund has not appointed an independent professional observer. The Committee has procedures in place to monitor and control risk and there is significant external oversight of the Fund, Committee and decision-making process. The Fund has an external Independent Investment Advisor who attends all Committee and panel meetings and ensures relevant information and</p>

<p>iv) expert advisors.</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>advice is provided to the Committee. Furthermore, two members are appointed to the Committee independent of the administering authority and other stakeholders to strengthen the independence of the governance process. Lastly the pension fund and its governance processes are scrutinised annually by the external audit.</p> <p>The Fund's independent investment advisor attends all meetings. The Fund's investment consultant attends all Committee and panel meetings and other expert advisors attend on an adhoc basis when appropriate.</p> <p>All members of the Committee are treated equally in terms of access to papers, meetings and training. Although some members do not have voting rights, they are given full opportunity to undertake training and contribute to the decision making process.</p>
<p>C – Selection and role of lay members</p>	<p>Compliant</p>
<p>a) That the 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>b) That at the start of any meeting, Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	<p>The Fund has separate job descriptions for the voting and non-voting members, which set out the role and responsibilities for each position within the Committee. These are circulated to the relevant bodies prior to members being appointed to the Committee.</p> <p>Declarations of interest is a standing item on every Committee agenda.</p>
<p>D – Voting</p>	<p>Compliant</p>
<p>a) The policy of individual administering authorities on voting rights is clear and transparent, including justification for not extending voting rights to each body or group on main LGPS Committees.</p>	<p>The Fund has a clear policy on voting rights and has extended the voting franchise to non-administering authority employers and scheme member representatives.</p>
<p>E – Training/Facility time/ Expenses</p>	<p>Compliant</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> <p>c) That the administering authority considers the adoption of annual training plans for Committee members and maintains a log of all such training.</p>	<p>The Fund has a clear policy on training and maintains a training log. The costs of approved external training courses are paid by the Fund for all members. All members are invited to workshops organised by the Fund. Expenses are paid in line with the allowances scheme for each employer/stakeholder.</p> <p>See above.</p> <p>The Fund requires new members without prior experience of the Local Government Pension Scheme to attend a customised training course. A formal training plan is not set on an annual basis as it is responsive to the needs of the Committee agenda. A training log is maintained.</p>
<p>F – Meetings (frequency/quorum)</p>	<p>Compliant</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 does 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>	<p>The Committee meetings are held quarterly.</p> <p>The Investment Panel meets at least quarterly, synchronised to occur ahead of the main Committee meetings.</p> <p>Lay members are included in the formal arrangements.</p>
<p>G – Access</p>	<p>Compliant</p>
<p>a) That subject to any rules in the council's constitution, all members of main and secondary Committees or</p>	<p>All members of the Committee have equal access to meeting papers and advice.</p>

panels has equal access to Committee papers, documents and advice that falls to be considered at meetings of the main Committee.	
H - Scope	Compliant
a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	The terms of reference include all aspects of benefits administration and admissions to the Fund. The Committee annually reviews the risk register, the internal control reports of its key 3 rd party suppliers and all statutory policy statements.
I – Publicity	Compliant
a) 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.	All statutory documents including the Governance Compliance Statement are made available to the public via the Avon Pension Fund's website or are available on request from the Investments Manager. A summary of the governance compliance statement is included in the Annual Report.

Approved by Avon Pension Fund Committee on 18 December 2009.

AVON PENSION FUND

GOVERNANCE POLICY STATEMENT

Introduction

This Governance Policy Statement (GPS) sets out the Fund's governance arrangements, including representation and delegations. Under the Local Government Pension Scheme (Administration) Regulations 2008, the administering authority is required to prepare a Governance Compliance Statement and this GPS forms the base for the compliance statement.

1 Executive Responsibility

Bath and North East Somerset Council, in its role as administering authority, has executive responsibility for the Fund. The Council delegates its responsibility for administering the Fund to the Avon Pension Fund Committee which is the formal decision making body for the Fund. The Committee is subject to the Council's standing orders and financial regulations including the Codes of Practice.

2 Avon Pension Fund Committee

The Avon Pension Fund Committee's terms of reference were agreed by the Council at its meeting in May 2009. The terms of reference are as follows:

"To discharge the responsibilities of Bath and North East Somerset Council in its role as lead authority for the administration of the Avon Pension Fund. These include determination of investment policy objectives, making arrangements for management of the Fund's investments and monitoring investment performance; commissioning actuarial valuations in accordance with the provisions of the Local Government Pension Scheme Regulations; considering requests from organisations wishing to join the Fund as admitted bodies; making representations to Government as appropriate concerning any proposed changes to the Local Government Pension Scheme; and all aspects of benefit administration. At all times, the Committee must discharge its responsibility in the best interest of the Avon Pension Fund."

The Avon Pension Fund Committee meets quarterly, with special meetings and workshops arranged as necessary.

The Committee comprises 12 voting members, made up as follows: 5 elected members from Bath & North East Somerset Council, 1 elected member from each of the 3 other West of England unitary councils, 1 trades union representative, 1 representative from the Higher/Further Education bodies and 2 independent members. The independent members have the same role, responsibilities and powers as the other voting members.

In addition to the voting members, there is a maximum of 4 non-voting members on the Committee as follows: 3 trades union representatives and 1 representative of the Parish/Town Councils.

Job descriptions setting out role and responsibilities Committee members are circulated to the relevant bodies prior to members being appointed to the Committee.

The role of the non-voting members is different from that of the voting members in that the non-voting members specifically represent the interests of the employing body, group of employing bodies or scheme members and to report back to those bodies as appropriate. They do have the right to participate in Committee meetings, receive all papers at the same time as the voting members and to make representations to the Committee on behalf of the represented body.

3 Investment Panel

The Avon Pension Fund established an Investment Panel in August 2009 to consider matters relating to the management and investment of the assets of the Fund and advise the main Committee on such matters. The Panel is not a decision-making body. Instead it makes recommendations to the main Committee. Recommendations from, and minutes of, the Investment Panel meetings appear as agenda items for the main Committee.

The Panel is made up of members of the main Committee. The Panel will have a maximum of six members including the Chairperson and/or vice chairperson of the main Committee.

The Terms of Reference of the Investment Panel are as follows:

- To recommend strategic investment objectives, policy and strategic asset allocation
- Regularly review in detail and assess the performance of the investment managers, investment advisors, custodian and actuary
- Recommend appointment and termination of investment managers and professional service providers as required
- Review the Statement of Investment Principles and submit to Pensions Committee for approval
- Make recommendations to the Avon Pension Fund Committee on matters relating to investment strategy and management as the Panel considers appropriate. This will include issues of a more urgent nature, where the view of the Panel would be taken into consideration. (The 151 Officer has delegated powers regarding urgent actions, and these would be exercised having consulted the Chairperson of the sub-Committee).
- Review any legislative changes which have implications for investment governance and make recommendations to Committee as appropriate

4 Representations to the Avon Pension Fund Committee and Investment Panel

There are arrangements in place for the public, including employing bodies and members of the Avon Pension Fund, to make representations to the Committee and/or the Investment Panel, by giving written notice (at least two working days in advance) that they wish to ask a question or raise an issue at the Committee or Investment Panel meeting.

5 Training and expenses

The Fund requires all voting members to attend training courses to ensure they understand the principles of investing and have adequate knowledge to understand and challenge the advice they receive. The Fund also provides training for non-voting members which they can utilise at their discretion (the cost of approved courses are reimbursed by the Fund).

6 Access

All Committee papers, documents and advice is made available to all members of the Committee on a timely basis, in both hard copy and electronic format. The Investment Panel provides the same level of access to its members.

7 Officer Delegations

The Avon Pension Fund has delegation arrangements in place as they relate to Administering Authority discretions contained within the Local Government Pension Scheme (LGPS). The Avon Pension Fund Committee approved the delegations of decisions to officers at its meeting on 13 June 2008, following changes to the LGPS regulations.

In the case of investments all decisions of a strategic nature are taken by the Avon Pension Fund Committee. The day-to-day functions of investment management and custody are outsourced. In these circumstances the only officer delegations required are the facility to amend investment and custody agreements in certain circumstances and to allocate and withdraw monies from portfolios. In those cases where urgent action is required to safeguard the Fund's investments, there are general emergency arrangements empowering the Section 151 Officer to act.

In the case of benefits administration the delegations relate to the way in which the Council exercises discretionary powers within a statutory framework. As a general principle it was agreed that these powers should be exercised by the Section 151 Officer on the Committee's behalf. For practical reasons some of these powers are further delegated to the Head of Business Finance and Pensions, Pensions Manager and Investments Manager.

APF 18 December 2009