

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	24 JUNE 2011	AGENDA ITEM NUMBER
TITLE:	ROLES & RESPONSIBILITIES OF MEMBERS, ADVISORS AND OFFICERS and GOVERNANCE FRAMEWORK	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 - Codes of Governance for LGPS Funds: Training Appendix 2 – Fund Governance Framework		

1 THE ISSUE

- 1.1 This report sets out the roles and responsibilities of members, advisors and officers of the Avon Pension Fund and the governance framework for the Fund as a whole. The report covers the information provided at the Committee Induction Session on 14 June 2011.
- 1.2 In addition the report invites non-B&NES members to nominate themselves to the Investment Panel (see paragraph 5). The term of appointment to the Panel is for one year; however, given the nature of the Panel's work, it is not expected that the membership will alter from year to year.

2 RECOMMENDATION

That the Committee:

- 2.1 Notes the roles and responsibilities of the members, advisors and officers.
- 2.2 Agrees the non-B&NES members to be on the Investment Panel; and
- 2.3 Notes the B&NES Members nominated to the Councillor places on the Investment Panel.

3 FINANCIAL IMPLICATIONS

3.1 There are no financial considerations as this report is for information only.

4 ROLES & RESPONSIBILITIES

4.1 The members, advisors and officers all have definitive roles and responsibilities within the pension fund's governance structure.

4.2 **The Committee:** The role of the Committee is set out in the terms of reference as agreed by Council:

"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."

4.3 The Committee's role is strategic in nature, setting the policy framework and monitoring compliance within that framework. Due to the wide scope of the Committee's remit, investment issues are delegated to the Investment Panel, (a sub-committee of the Avon Pension Fund Committee) which explores the issues in greater detail before making recommendations to the Committee. The implementation of strategic decisions is delegated to Officers.

4.4 **The Investment Panel:** The Investment Panel's role is set out in its terms of reference also agreed by Council:

"The role of the Avon Pension Fund Committee (APFC) Investment Panel shall be to consider, in greater detail than the APFC is able, matters relating to the management and investment of the assets of the Avon Pension Fund and to advise the APFC on such matters.

Among other things, the Panel shall:

- 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 APFC for approval
- make recommendations to the APFC 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 Section 151 Officer has delegated powers regarding urgent actions, and these would be exercised having consulted the Chair of the Panel).
- review any legislative changes which have implications for investment governance and make recommendations to the APFC as appropriate

The Panel has no delegated powers, but can only make recommendations to the APFC.”

- 4.5 Membership of the Investment Panel is drawn from the voting members of the committee.
- 4.6 Committee and Investment Panel meetings are held in open session and, where required, papers are taken in exempt session. Committee workshops are held to discuss strategic issues in greater depth as necessary.
- 4.7 Non-voting members are given full access to papers, meetings and workshops including internal training sessions.
- 4.8 Members are encouraged to undertake training to ensure they can discharge their responsibilities. This principle is enshrined in a number of codes of governance for local government pension funds, which are set out in Appendix 1.
- 4.9 **Fund Advisors:** The LGPS (Management and Investment of Funds) Regulations 2009, regulation 11(5) states “the (administering) authority must obtain proper advice at reasonable intervals about its investments” and regulation (6) states “the authority must consider such advice in taking any steps in relation to its investments.” The Myners’ report on effective decision-making for pension funds supports these regulations by setting out best practice standards for decision-making bodies (guidance for LGPS funds provided by CIPFA/CLG). Myners’ Principle 1: Effective decision-making - requires that “administering authorities should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively... and those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive...”.
- 4.10 The Fund has appointed an Investment Consultant (JLT) to provide investment advice to the fund to ensure that the Committee and/or Panel have all the relevant information before making a decision. The Committee’s agenda determines the advice provided by the consultant in addition to the ongoing monitoring of the Fund’s investment strategy and the managers’ performance.
- 4.11 In addition the Fund has an Independent Investment Advisor. The advisor is independent of the officers and investment consultant, their role being to ensure the members get all the appropriate advice and that the advice is adequately challenged.
- 4.12 **Fund Officers:** The officers’ role within the governance structure is to ensure that all decision-making complies with the regulations, that the Fund fulfils its statutory requirements, that all information regarding investment, financial and administrative issues is provided to the Committee/Panel. In addition the officers are responsible for implementing Fund policy. The Council’s Section 151 Officer is responsible for ensuring that the Fund complies with the financial regulations and that an adequate inspection framework, provided by internal and external audit, is in place. The Council’s Monitoring officer is responsible for the legal aspects of the Fund and the Committee.
- 4.13 The Section 151 Officer has delegated powers regarding urgent actions, and these would be exercised having consulted with the Chair of the Committee where

possible. For investment issues the Section 151 Officer will also consult with the Chair of the Investment Panel where possible.

4.14 Risk Management Framework: The Committee and Officers are responsible for ensuring that the Fund's framework for managing risk is adequate and the risk controls are effective. Appendix 2 sets out the risk management framework, showing the various inputs to the overall risk management process.

5 NOMINATIONS TO INVESTMENT PANEL

5.1 Committee co-opted members with voting rights are requested to nominate themselves to the Investment Panel. The term of appointment to the Panel is for one year; however, it is not envisaged that the Panel membership should change each year.

5.2 The Panel shall comprise a maximum of 6 voting Members of the Committee, 3 of whom shall be B&NES Councillors. Membership shall include the Chairman of the APFC and /or the Vice- Chair. The appointment of B&NES Councillors to the Panel is subject to the rules of political proportionality of the Council which does not apply to the non-B&NES members of the Panel. Political proportionality for the B&NES members of 2 Conservative Members, 1 Liberal Democrat Member (with a Conservative Group nominee chairing the Panel) on the Panel was agreed by B&NES Council at its meeting on 19 May 2011.

5.3 It is the responsibility of the Investment Panel members to nominate the Vice-Chair of the Panel if they wish to have one; either per meeting, or for the ensuing Council year. This will be done at the first Panel meeting.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7 EQUALITIES

7.1 An equalities impact assessment is not necessary.

8 CONSULTATION

8.1 N/a

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 Are contained in the report.

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	