

Tyne and Wear Pension Fund
Governance Compliance Statement
February 2018

Communities and Local Government Compliance Standard	Arrangements in Place	Action meets compliance standard?	Reason for non-compliance (if applicable)
Structure			
<p><i>The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.</i></p>	<p>The Council Constitution sets out the governance arrangements for the Fund.</p> <p>Article 10 of the Constitution states:</p> <p>“There will be a Pensions Committee to deal with all matters arising from the Council’s function and responsibilities as the administering authority for the Tyne and Wear Pension Fund.</p> <p>The role of the Pensions Committee will be to control and resolve all matters relating to the administration of the Tyne and Wear Pension Fund and the management and investment of the assets of the Fund.”</p> <p>With regard to the Council’s arrangements relating to the pooling of pension fund assets the Constitution states:</p> <p>“The Chair of the Pensions Committee or such other person determined by the Council will represent the Tyne and Wear Pension Fund in matters</p>	<p>Yes</p>	

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	<p>relating to Border to Coast Pensions Partnership¹ including:</p> <ul style="list-style-type: none"> - The exercising of voting rights arising from the Funds shareholding in Border to Coast Pensions Partnership Limited. - Representing the Fund at Border to Coast Pensions Partnership Joint Committee meetings.” <p>The responsibilities to be discharged by the Committee include:</p> <ul style="list-style-type: none"> - Preparing, maintaining and publishing the Governance Compliance Statement. - Ensuring that the Scheme Manager complies with the Local Government Pension Scheme Regulations and all other legislation governing the administration of the Fund. - Preparing, maintaining and publishing the Funding Strategy Statement. - Ensuring the Fund is valued as required and receiving and considering reports on each valuation. - Ensuring appropriate arrangements for the administration of benefits are in place. - Setting the admissions policy. 		

¹ This amendment reflects the approach to voting and representation at Joint Committee meetings determined by the Council

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	<ul style="list-style-type: none"> - Preparing, maintaining and publishing the Communication Policy Statement. - Ensuring appropriate AVC arrangements are in place. - Preparing, maintaining and publishing the Investment Strategy Statement. - Setting the investment objectives and policy and the strategic asset allocation in the light of the Fund's liabilities. - Preparing, maintaining and publishing the Pensions Administration Strategy. - Preparing, maintaining and publishing the Corporate Governance Policy. - Selection, appointment and dismissal of an investment pooling operator to manage assets. The initial appointment will be the Border to Coast Pensions Partnership. - Appointing, dismissing and assessing the performance of investment managers and custodians where direct investments are maintained. Where investments are made through the pooling operator, this function will be carried out by the operator itself. - Working with the pooling operator to ensure that appropriate solutions are available to implement the Fund's investment strategy. 		

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	<ul style="list-style-type: none"> - Ensuring appropriate participation in the Joint Committee established to scrutinise the operation of BCPP Limited. - Monitoring the performance and effectiveness of the investment pooling operator. - Preparing and maintaining a Responsible Investment Policy which takes account of the policy operated by Border to Coast Pensions Partnership (BCPP). <p>The entry in the Constitution sets out the main responsibilities of the Committee. Further responsibilities of the Committee that are not specifically referred to in the Constitution are:</p> <ul style="list-style-type: none"> - Approving the Budget and Service Plan. - Preparing, maintaining and publishing the Corporate Governance Policy. - Preparing, publishing and maintaining a Pensions Administration Strategy. - Ensuring that an effective system of internal financial control is maintained. - Receiving and agreeing the Annual Report and Accounts. - Ensuring that contributions received are in accordance with the Schedule of Rates and Adjustments. 		

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	<p>- Ensuring appropriate arrangements for the Local Pension Board are in place and maintaining and publishing information about the Pensions Board.</p> <p>The Committee reviews annually its own role and responsibilities and those of the service providers to the Fund.</p> <p>The actions of the Committee are reviewed and scrutinised by the Local Pension Board, Audit Committee and the Overview and Scrutiny Coordinating and Call-In Committee.</p> <p>Responsibility for the Pension Fund is included within the portfolio of the South Tyneside Council Cabinet Lead Member for Business and Resources.</p>		
	<p>The Council, as Scheme Manager, has established a Local Pension Board.</p> <p>Article 10 of the Constitution states:</p> <p>“The Council must establish a Local Pension Board responsible for assisting the Pensions Committee in ensuring that the Fund complies with legislation relating to its governance and administration, its own rules and any requirements of the Pensions Regulator.</p> <p>The Pensions Committee is at all times responsible for making all decision relating to the operation of the Fund, controlling and resolving all matters</p>		

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	<p>relating to the administration of the Fund and the management and investment of the assets of the Fund. The Local Pension Board does not share these responsibilities directly, but will ensure that the Pensions Committee complies with Scheme regulations and other legislation relating to the governance and administration for the Fund. The Local Pension Board does not make decisions which are the responsibility of the Pensions Committee.”</p> <p>The responsibilities to be discharged by the Local Pension Board include:</p> <ul style="list-style-type: none"> - To secure compliance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and the Local Government Pension Scheme Regulations 2013 (as amended) and any other legislation relating to the governance and administration of the Fund; - To secure compliance with any requirement imposed by The Pensions Regulator in relation to the Fund; - To ensure the effective and efficient governance and administration of the Fund; and - Provide the Pensions Committee with such information as it requires to be satisfied from time to time that none of the members of the Local Pension Board or person to be appointed as a member of the Local Pension Board has a conflict of interest. <p>The Local Pension Board will report to the Pensions Committee.”</p>		

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	<p>Formal monitoring of the investment of the Fund is undertaken by an Investment Panel.</p> <p>The Panel meets quarterly to consider the investment objectives and policy, the investment management structure and the performance and process of each of the managers. It reports its findings to the Committee and recommends any action that is required.</p> <p>If the Committee accepts a Panel recommendation to change the investment objectives or policy, or the management structure, the Committee will then require the Panel to implement that change.</p>		
<p><i>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.</i></p>	<p>The Committee is comprised of:</p> <ul style="list-style-type: none"> - Eight councillors from South Tyneside Council, with voting rights - One councillor each from the other four Tyne and Wear councils, with voting rights. The councils also appoint a substitute member who sits in a voting capacity when the first nominated councillor cannot attend. - Three representatives nominated by the employers (other than the five councils) to sit in an advisory capacity. - Three representatives nominated by the trade unions, who represent scheme members, to sit in an advisory capacity. 	<p>Yes</p>	

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	<p>Representation on and membership of the Local Pension Board is in accordance with Regulations.</p> <p>The Local Pension Board consists of eight members.</p> <p>The relevant Trade Unions will nominate triennially four representatives to sit on the Local Pension Board in a voting capacity.</p> <p>The employers who participate in the Fund (other than South Tyneside Council) will nominate triennially three representatives to sit on the Local Pension Board in a voting capacity.</p> <p>The Scheme Manager will appoint one South Tyneside Councillor, independent of Pensions Committee and the discharge of the functions of the Administering Authority, to sit on the Local Pension Board as an employer representative in a voting capacity.</p>		
	<p>Three Members of the Committee sit on the Investment Panel along with the External Investment Advisor and appropriate officers.</p>		
<p><i>That where a secondary committee or panel has been established, the structure ensures effective communication across</i></p>	<p>The Committee, Local Pension Board and Investment Panel liaise together and provide their minutes to one another.</p> <p>The Local Pensions Board is formally invited to attend the Pensions Committee in February to agree the Budget and the Service Plan.</p>	<p>Yes</p>	

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<i>both levels.</i>	In addition joint training is delivered twice a year to the Committee and the Local Pensions Board.		
<i>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.</i>	<p>The Investment Panel has six members:</p> <ul style="list-style-type: none"> - the Chair and Vice Chair of the Committee - another member of the Committee, who is nominated by the Committee whenever a vacancy arises - the External Investment Advisor - the Head of Pensions and the Principal Investment Manager. 	Yes	
	The membership of the Committee and Local Pension Board is independent of one another, as provided for in the Regulations, as it is believed that separate membership is preferable for the discharge of their statutory duties.		
	<p>The Scheme of Delegations to the Fund's Officers</p> <p>The Council's Scheme of Delegations authorises the Chief Executive, Corporate Directors and Officers authorised by them to exercise the powers and carry out the duties arising from the functions for which they are</p>		

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	<p>responsible.</p> <p>The authorised Officers are the Head of Pensions, Principal Pensions Manager, Principal Investment Manager, the Investment Manager, the Technical Team Manager and the Communications Team Manager.</p> <p>Procurement Procedure Rules</p> <p>Procurement of works, goods or services on behalf of the Fund is required to comply with the Procurement Procedure Rules contained within the Constitution except where, in the opinion of the Corporate Director Business and Resources, it is not appropriate to do so.</p> <p>The exclusion is required in order to allow rapid, commercial decisions to be taken on behalf of the Fund, mainly in relation to the Property Portfolio.</p> <p>Contracts valued at up to £500,000 are awarded by the Corporate Director Business and Resources. Contracts above this amount are awarded by the Pensions Committee, subject to the exclusion set out above.</p> <p>The Fund's Officers</p> <p>The main duties of the Officers are set out below.</p> <p>The Officers will:</p> <ul style="list-style-type: none"> - Advise the Committee, Local Pension Board and Investment Panel on all 		

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	<p>matters which they need to be aware of in order to discharge their responsibilities in relation to the administration and investment of the Fund.</p> <ul style="list-style-type: none"> - Prepare the Budget and Service Plan. - Maintain the system of internal financial control. - Prepare the Annual Report and Accounts. - Manage the triennial and interim actuarial valuations. - Manage the preparation of the Funding Strategy Statement. - Manage the preparation of the Governance Compliance Statement. - Manage the preparation of the Communication Policy Statement. - Manage the preparation of the Pensions Administration Strategy. - Ensure that the Pensions Service adheres to best practice. <p>In relation to the investment of the Fund, the Officers will:</p> <ul style="list-style-type: none"> - Review the content of the Investment Strategy Statement. - Review the content of the Corporate Governance Policy. 		

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	<ul style="list-style-type: none"> - Monitor developments that may affect the approach to the investment of the Fund. - Support the Fund's representation on the Joint Committee which oversees the operations of the Border to Coast Pensions Partnership. - Work with Border to Coast Pensions Partnership Limited to ensure appropriate investment management arrangements are in place before, during and after the transition of pension fund assets to the company. - Monitor the investment management structure and arrangements in order to verify that the investment policy of the Committee is being implemented. - Monitor the investment managers in order to maintain an awareness of their investment views and strategies and to verify that the strategies being implemented are in accordance with investment mandates. - Maintain records that monitor the investment performance of investment managers and the Fund. - Maintain a record of the Fund's assets. - Monitor the security and efficiency of the custodians in order to verify that the assets are secure, the custodians' records of the Fund's assets agree with in house records and managers' records and the custodians' actions are in accordance with the agreements. 		

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	<ul style="list-style-type: none"> - Take investment decisions relating to the portion of the Fund that is invested in house. - Manage cash flow, allocate money between investment managers in order to ensure that the Fund does not become over or under invested and invest the residual cash balances. <p>In relation to the administration of benefits, the Officers will:</p> <ul style="list-style-type: none"> - Monitor developments that may affect the administration of benefits. - Promote membership of the Fund. - Manage the admissions policy. - Collect and reconcile the employer and employee contributions. - Pay pension benefits. - Maintain records in relation to the entire membership. - Devise and implement training, consultation and communication strategies for the employers. - Devise and implement consultation and communication strategies for the members. 		

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	- Manage the AVC arrangements.		
Representation			
<p><i>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</i></p> <p><i>i) employing authorities (including non-scheme employers, e.g. admitted bodies);</i></p> <p><i>ii) scheme members (including deferred and pensioner scheme</i></p>	<p>The Committee includes:</p> <ul style="list-style-type: none"> - Eight councillors from South Tyneside Council - One councillor each from the other four Tyne and Wear councils - Three representatives nominated by the employers (other than the five councils) <p>The Committee includes three representatives nominated by the trade unions who represent all scheme members.</p>	<p style="text-align: center;">Yes</p> <p style="text-align: center;">Yes</p>	

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<p><i>members);</i></p> <p><i>iii) where appropriate, independent professional observers; and</i></p> <p><i>iv) expert advisors (on an ad-hoc basis).</i></p>	<p>The External Investment Advisor, Hymans Robertson, attends Committee and Panel meetings. The Actuary, Aon Hewitt, attends Committee meetings as required. The External Auditor, Ernst and Young, attends meetings to present the audit programme and the audit report.</p> <p>The Fund has appointed Deloitte to undertake independent audit work, for example on funding strategy, investment strategy, governance and risk management.</p>	<p>Partial</p> <p>Partial</p>	<p>The Committee has decided against appointing further independent observers and expert advisors. This is kept under review.</p>
<p><i>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.</i></p>	<p>With the exception of the trade union and employer members not having voting rights, all members of the Committee are treated equally in terms of access to papers and meetings, training and are given full opportunity to participate in the decision making process.</p> <p>All members of the Local Pension Board are treated equally in terms of access to papers and meetings, training and are given full opportunity to participate in their decision making process.</p> <p>All members of the Investment Panel are treated equally in terms of access to papers and meetings, training and are given full opportunity to participate in their decision making process.</p>	<p>Yes</p>	

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Selection and Role of Lay Members			
<p><i>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.</i></p>	<p>A Fund Manual that contains full details of status, role and function is issued to members through the website.</p> <p>This area is covered in the Training Programme.</p> <p>Local authority members are subject to the code of conduct of their respective council.</p> <p>The trade union and employer representatives sign up to a code of conduct.</p>	Yes	
<p><i>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.</i></p>	<p>Declaration of interests is a standard procedure at the start of all Committee, Local Pension Board and Investment Panel meetings. Declarations are noted in the minutes.</p> <p>Policies on the identification, monitoring and management of conflicts of interest are in place for the Committee, Local Pension Board and Investment Panel</p>	Yes	

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Voting			
<p><i>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.</i></p>	<p>For the Pensions Committee:</p> <p>The twelve local authority members have voting rights.</p> <p>The six trade union and employer members do not have voting rights.</p> <p>This approach</p> <ul style="list-style-type: none"> - provides South Tyneside Council with the voting majority, recognising its role as administering authority to the Fund and its fiduciary duty - recognises that the seats allocated to South Tyneside Council have to be allocated on a politically balanced basis - provides voting rights to the other four district councils in recognition of the size of their stake in the Fund. <p>Voting rights have not been provided to the trade union and other employer members. This is because providing rights would require an increase in the size of the Committee to include additional South Tyneside members in order to preserve the council's voting majority. It is believed that an increase in the number of members would diminish the effectiveness of the Committee.</p>	Yes	

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	Other than not having voting rights, the trade union and employer members participate fully in the working of the Committee.		
	<p>For the Local Pension Board:</p> <p>It is expected that the Local Pension Board will act collectively to reach a consensus.</p> <p>Should it be required that a matter should be put to a vote, each employer representative and Scheme member representative of the Local Pension Board will have an individual voting right on any matter to be decided. A motion is passed at a meeting of the Local Pension Board if a majority of voting members are in favour of the motion.</p> <p>A voting member of the Local Pension Board is not permitted to appoint another voting member as their proxy.</p> <p>The Chair will have a second or casting vote in the case of equality of votes.</p> <p>The results of any voting outcomes will be reported in the Local Pension Board minutes.</p>		
	The Investment Panel operates by consensus and does not vote.		

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Training / Facility Time / Expenses			
<p><i>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.</i></p>	<p>The Scheme Manager has adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.</p> <p>The CIPFA Pensions Panel Framework for Elected Members and Non Executives in the Public Sector is used as the basis of the Training Policies and Programmes.</p> <p>The CIPFA Pensions Panel Technical Knowledge and Skills Framework for Local Pension Boards has been adopted by the Local Pension Board.</p> <p>Training programmes are undertaken that reflect specific needs, and which include the appropriate requirements of the Pensions Regulator's Codes of Practice.</p> <p>The training programmes are reviewed at the quarterly meetings of the Committee and Local Pension Board.</p> <p>This approach is included in Article 10 of the Council's Constitution, which states:</p> <p>"The Scheme Manager has adopted the key recommendations of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.</p> <p>The Scheme Manager recognises that effective financial administration and decision-making can only be achieved where those involved have the</p>	<p>Yes</p>	

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	<p>requisite knowledge and skills.</p> <p>Accordingly, the Scheme Manager requires the Pensions Committee and Local Pension Board to ensure that they have formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the Local Government Pension Scheme finance knowledge and skills for those responsible for financial administration and decision-making.</p> <p>These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.</p> <p>The Pensions Committee and Local Pensions Board will report on an annual basis how these policies have been put into practice throughout the financial year.</p> <p>The Scheme Manager has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Corporate Director Business and Resources, who will act in accordance with the Council's practices and, where he/she is a CIPFA member, with CIPFA Standards of Professional Practice."</p> <p>Each member's authority or employer provides the required facility time.</p> <p>Members' expenses are met by the Fund.</p>		

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<p><i>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.</i></p>	<p>The policy is applied equally to all members.</p>	<p>Yes</p>	
<p><i>That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.</i></p>	<p>As stated above, the Scheme Manager has adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.</p> <p>The CIPFA Pensions Panel Framework for Elected Members and Non Executives in the Public Sector is used as the basis of its Training Policy and Programme.</p> <p>The CIPFA Pensions Panel Technical Knowledge and Skills Framework for Local Pension Boards has been adopted by the Local Pension Board.</p> <p>Training programmes are undertaken that reflect specific needs, and which include the appropriate requirements of the Pensions Regulator's Codes of Practice.</p> <p>The training programme is reviewed at the quarterly meetings of the Committee and Local Pension Board.</p> <p>Members assess their individual requirements against this programme.</p>	<p>Yes</p>	

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	A log is maintained of training undertaken.		
Meetings (frequency / quorum)			
<i>That an administering authority's main committee or committees meet at least quarterly.</i>	<p>The Committee has a regular quarterly meeting at which it considers investment and administration matters.</p> <p>A special meeting is held annually to consider and approve the budget and service plan.</p> <p>Additional meetings are called should any aspect of the Fund require an in depth review.</p> <p>The Committee has annual meetings with the trade unions and the employers. The funding position and investment strategy is discussed at these meetings.</p>	Yes	
<i>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.</i>	<p>The Local Pension Board meets quarterly after the Committee.</p> <p>The Panel meets quarterly in advance of the Committee.</p>	Yes	
<i>That an administering authority who does not include lay members in</i>	Lay members are included on the Committee and Local Pension Board and may be included on the Investment Panel.		

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<i>their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.</i>	<p>Formal annual meetings are held for the trades unions and employers.</p> <p>The Officers hold regular liaison meetings with employers.</p>	Yes	
Access			
<i>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.</i>	Subject to the management of any conflict of interest, all members have equal access to reports, documents and advice.	Yes	
Scope			
<i>That administering authorities have taken steps to bring wider scheme issues within the scope of their governance</i>	The agendas include reports on training, admission agreements, policies on discretions, pensions administration, regulatory changes, budget monitoring, local performance indicators, the service plan, internal and external audit, valuation issues, the funding level, the asset value and asset allocation, proposals to develop the investment management structure, investment	Yes	

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<i>arrangements.</i>	performance at Fund and manager level.		
Publicity			
<i>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.</i>	<p>The governance arrangements may be viewed on the Fund's website at www.twpf.info</p> <p>The local authorities nominate their members to the Committee annually.</p> <p>Nominations for the trade union and employer positions on the Committee are sought annually.</p> <p>Nominations for the trade union and employer positions on the Local Pension Board are sought triennially.</p>	Yes	