

Tyne and Wear Pension Fund
Governance Compliance Statement
Adopted – February 2010

Communities and Local Government Compliance Standard	Arrangements in Place	Action Complies with Principle?	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 has set up a Pensions Committee to control and resolve all matters relating to the administration and investment of the Fund.</p> <p>The Council Constitution governs the actions of the Committee and its Officers.</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 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>Three Members of the Pensions Committee will sit on the Investment Panel along with the External Investment Advisor and appropriate officers. The Panel will scrutinise the investment manager structure and the performance</p>	<p>Yes</p>	

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	<p>of the managers and will report to each meeting of the Pensions Committee.</p> <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 Fund 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. - Preparing, maintaining and publishing the Communication Policy Statement. - Ensuring appropriate AVC arrangements are in place. - Preparing, maintaining and publishing the Statement of Investment 		

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	<p>Principles.</p> <ul style="list-style-type: none"> - Setting the investment objectives and policy and the strategic asset allocation in the light of the Fund's liabilities. - Appointing, dismissing and assessing the performance of investment managers and custodians. <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"> - To approve the Budget and Service Plan. - To ensure that an effective system of internal financial control is maintained. - To receive and agree the Annual Report and Accounts. - To ensure contributions received are in accordance with the Schedule of Rates and Adjustments. <p>The Committee reviews annually its own role and responsibilities and those of the service providers to the Fund.</p>		

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	The actions of the Committee are reviewed and scrutinised by the Jobs and Enterprise, Regeneration and Resources and Culture and Well-being Select Committee.		
<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>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, with voting rights, to attend Committee when the first nominated councillor cannot attend. - Three representatives nominated by the employers (other than the five councils), without voting rights. - Three representatives nominated by the trade unions, without voting rights, who represent scheme members. 	Yes	
<i>That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</i>	<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, and the performance and process of each of the managers. It meets four of the managers at each meeting. It reports its findings to the Committee and recommends any action that is required.</p>	Yes	

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	<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. A formal review of a manager's appointment will generally result in a tendering process.</p>		
<p><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>	<p>The 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 the vacancy arises - the External Investment Advisor - the Head of Pensions and the Assistant Head of Pensions (Investments). 	<p>Yes</p>	
	<p>The Scheme of Delegations to the Fund's Officers</p> <p>The Council's Scheme of Delegations authorises the Chief Executive, Executive Directors and Officers authorised by them to exercise the powers and carry out the duties arising from executive and non executive functions for which they are responsible.</p> <p>The Executive Director Regeneration and Resources has authorised the Head of Pensions, Assistant Head of Pensions, Assistant Head of Pensions (Investments), the Investment Manager, the Technical Team Manager and</p>		

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	<p>the Communications Team Manager to make decisions on behalf of the Executive Director.</p> <p>Contract Procedure Rules</p> <p>Procurement of works, goods or services on behalf of the Fund is required to comply with the Contract Procedure Rules contained within the Constitution except where, in the opinion of the Executive Director Regeneration 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 Executive Director Regeneration 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 on all matters which it needs to be aware of in order to discharge its responsibilities in relation to the administration and investment of the Fund. 		

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	<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 Policy Statement. - Manage the preparation of the Communication Policy Statement. - 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"> - Monitor developments that may affect the approach to the investment of the Fund. - 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. 		

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	<ul style="list-style-type: none"> - 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. - 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. - Review the content of the Statement of Investment Principles. <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. 		

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	<ul style="list-style-type: none"> - 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. - 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</i></p>	<p>The Committee includes:</p>	<p>Yes</p>	

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<p><i>bodies);</i></p> <p><i>ii) scheme members (including deferred and pensioner scheme 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>	<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>The External Investment Advisor, Hymans Robertson, attends Committee and Panel meetings. The Actuary, Hewitt, attends Committee meetings as required. The External Auditor, PricewaterhouseCoopers, attends one meeting every year to present 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>Yes</p> <p>Partial</p> <p>Partial</p>	<p>The Committee has considered and decided against appointing further independent observers and expert advisors, but has agreed that this area will be kept under review</p>

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<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>	With the exception of the trade union and employer members not having voting rights, all members of the Committee and Panel are treated equally in terms of access to papers and meetings, training and are given full opportunity to participate in the decision making process.	Yes	
Selection and Role of Lay Members			
<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>A handbook that contains full details of status, role and function is issued to members.</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	

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<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 meetings. Declarations are noted in the minutes.</p>	<p>Yes</p>	
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>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</p>	<p>Yes</p>	

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	<p>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> <p>Other than not having voting rights, the trade union and employer members participate fully in the working of the Committee.</p>		
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 Committee has adopted a Training Policy and undertakes a training programme that reflects its specific needs, including the appropriate requirements of the Pensions Regulator's Code of Practice on Trustee Knowledge and Understanding. The training programme is reviewed at the quarterly meetings.</p> <p>Each member's authority or employer provides the required facility time.</p> <p>Members' expenses are met by the Fund.</p>	Yes	
<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>	Yes	

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<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>The Committee has adopted a training policy and programme that includes its specific requirements, the requirements of the Myners' Review and, where appropriate, the trustee training requirements set out in the Pensions Act 2004 and in the Code of Practice issued by the Pensions Regulator on Trustee Knowledge and Understanding.</p> <p>Members assess their individual requirements against this programme.</p> <p>A log is maintained of training undertaken.</p>	<p>Yes</p>	
Meetings (frequency / quorum)			
<p><i>That an administering authority's main committee or committees meet at least quarterly.</i></p>	<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>	<p>Yes</p>	
<p><i>That an administering authority's secondary committee or panel meet at least twice a year and</i></p>	<p>The Panel meets quarterly in advance of the Committee.</p>	<p>Yes</p>	

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<i>is synchronised with the dates when the main committee sits.</i>			
<i>That an administering authority 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.</i>	<p>Lay members are included on the Committee.</p> <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</i>	All members have equal access to Committee reports, documents and advice.	Yes	

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<i>committee.</i>			
Scope			
<i>That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.</i>	The Committee agenda includes 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 performance at Fund and manager level.	Yes	
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>	The governance arrangements may be viewed on the Fund's website at www.twpf.info Nominations for the trade union and employer positions on the Committee are sought annually. The local authorities nominate their members annually.	Yes	