

Pensions Committee

17 June 2020

Report title	Annual Governance Report	
Originating service	Pension Services	
Accountable employee	Rachel Howe Tel Email	Head of Governance and Corporate Services 01902 55 2091 Rachel.Howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 55 1715 Rachel.Brothwood@wolverhampton.gov.uk

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Approve the revised Terms of Reference for the Pensions Committee.
2. Approve the revised delegations from the Committee, to the Director of Pensions.
3. Defer the appointment of District members to the Committee until September 2020.
4. Confirm the re-appointment of the Trade Union representatives onto the Committee for the Municipal Year 2020/2021:

Martin Clift and Ian Smith – Unite
Malcolm Cantello – Unison

5. Confirm the following dates and time of the meetings of the Pensions Committee:

a. Pensions Committee – 10:00

- i. 30 September 2020
- ii. 9 December 2020
- iii. 24 March 2021

6. Approve the Training Policy developed for members of the Fund's governing bodies.

1.0 Purpose

- 1.1 To seek approval for the Annual Governance matters of Pensions Committee, ensuring effective due diligence in decision making through regular review of delegated powers, terms of reference and the continued engagement of the Fund's stakeholders on its decision-making body.

2.0 Pensions Committee Terms of Reference

- 2.1 In accordance with best practice, the Fund, in conjunction with the Chair of Committee, has reviewed the terms of reference for Pensions Committee to ensure they remain effective, and compliant with the changing regulatory environment in which the Fund operates. The terms of reference have been drafted to effect efficient decision making with managed accountability.
- 2.2 In consideration of the changing environment in which the Fund operates, and noting the potential changes which may bare out from national review (such as Good Governance Review and the forthcoming changes to the CIPFA knowledge and skills requirements) the Terms of Reference have been developed and expanded to ensure such regulatory changes are incorporated and clearly referenced in the Council's constitution. In addition, the merger of the WMITA Pension Fund with the Main Fund has removed the need for specific reference in the Committee's delegations.
- 2.3 Due to the anticipated changes arising from the CIPFA knowledge and skills requirement review together with the anticipated statutory requirement for Pension committee members to have appropriate knowledge and skills to undertake their roles, it is proposed that the Committee does not accept substitute members with this section being deleted from the revised Terms of Reference. Roles and responsibilities in relation to investment pooling have been specifically drawn out in the drafting.
- 2.4 The draft revised terms of reference are presented in appendix A for the Committee's consideration, with additions highlighted in red.

3.0 Delegations to The Director of Pensions

- 3.1 In accordance with Section 101 of the Local Government Act, a Local Authority may delegate to a committee or officer certain functions and responsibilities. For the Fund, those delegations are passed to the Director of Pensions for the day-to-day management of the Fund. To ensure best practice and compliance with the changing regulatory environment, the delegations to the Director of Pensions are reviewed alongside the terms of reference for Pensions Committee. The draft revised delegations are presented in appendix B noting one amendment in line with the change to the Committee terms of reference, removing the specific reference to the WMITA Pension Fund.

4.0 Local Authority Annual Council Meetings and Nominations of District Members

4.1 In light of the ongoing situation with Covid-19 the Fund has been notified that a number of Local Authorities, including all of those in the West Midlands Region, have deferred their Annual Council Meetings, and therefore their annual appointments to committees, until the Autumn. The Fund is therefore fortunate in benefiting from the continuing membership of Committee, including its Chair and Vice Chair, during these uncertain times. Engagement with our District partners will commence late summer, to understand their proposals for nominations during Autumn should Annual Council Meetings be held at a later date.

5.0 Appointment of Trade Union Observer Representatives

5.1 Trade Union member representatives are invited to sit on the Committee to represent the pension fund members. Trade Unions Representatives are invited observers, they may participate in debate, but hold no voting rights on the matters presented.

5.2 Following receipt of nominations from the Trades Unions, the Committee is asked to confirm the reappointment of the following Trade Union observer representatives to the Pensions Committee for the 2019/2020 Municipal Year:

- Martin Clift and Ian Smith – Unite
- Malcolm Cantello – Unison

5.3 The Fund's Governance officers continue to engage with the GMB Union regarding their nomination. This seat remains vacant for the start of the year.

6.0 Dates and Times of Meetings for 2020/2021

6.1 The Committee are asked to approve the following dates and times of meetings of the Committee for the remainder of the current Municipal Year:

Pensions Committee – 10am

30 September 2020

9 December 2020

24 March 2021

6.2 The Local Pensions Board now meets four times a year, with meetings held two to four weeks after Pensions Committee, when outcomes from the Committee, together with any matters to Committee would like the Board to specifically consider, are raised. Any points raised by the Board for consideration by the Committee will be reported to the Committee for consideration no later than the next scheduled Committee meeting.

7.0 Local Pensions Board and Pension Committee Training Policy

- 7.1 The West Midlands Pension Fund believes a well governed scheme is led from the top, by its governing bodies and decision makers. To support the members of those bodies in their roles, equipping them with the knowledge and understanding of relevant issues the Fund has established a formal training policy which details the minimum requirements expected of Pension Committee members to support and enable policy decision and oversight of implementation, where delegated.
- 7.2 At this time, there is no formal statutory requirement for Pension Committee members to undertake training, however, the Fund complies with the expectations of the Chartered Institute of Public Finance and Accountancy (CIPFA) knowledge and skills framework and builds its formal training programme around those topics highlighted as being relevant to Local Government Pension Scheme decision making bodies. CIPFA are currently in the process of reviewing their Knowledge and Skills Framework and the Pensions Regulator continues to develop their Code of Practice which will also set expectation of knowledge and capacity. The Fund are feeding into these reviews and will develop and enhance our policy in accordance with any amendments made.
- 7.3 Recognising the importance of training in the developing landscape of the Scheme, the Fund have included training in the Committee's role within its Governance Compliance Statement. The Fund reviews its training policy on an annual basis to ensure it remains compliant with best practice and delivers a comprehensive suite of opportunities for the Committee (and the Local Pensions Board) to develop knowledge and understanding.
- 7.4 The Committee are asked to consider and approve the training policy, included at Appendix C.

8.0 Financial Implications

- 8.1 There are no direct financial implications.

9.0 Legal Implications

- 9.1 There are no direct legal implications.

10.0 Equalities Implications

- 10.1 There are no direct equalities implications.

11.0 Environmental Implications

- 11.1 There are no direct environmental implications.

12.0 Human Resources Implications

- 12.1 There are no direct human resources implications.

13.0 Corporate Landlord Implications

13.1 There are no direct corporate landlord implications.

14.0 Schedule of Background Papers

14.1 None.

15.0 Schedule of Appendices

15.1 Appendix A – Pensions Committee Terms of Reference

15.2 Appendix B – Delegations to the Director of Pensions

15.3 Appendix C – Local Pensions Board and Pensions Committee Training Policy