

ITEM 6 - APPENDIX 1

CARDIFF & VALE OF GLAMORGAN PENSION FUND

GOVERNANCE COMPLIANCE STATEMENT

This Statement has been prepared and published by the City of Cardiff Council as Administering Authority of the Cardiff & Vale of Glamorgan Pension Fund, in compliance with regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended) (the "LGPS Regulations").

Delegation of Functions

The City of Cardiff Council has established a Pensions Committee to discharge its functions under the LGPS Regulations and has delegated operational management of the Pension Fund to the Corporate Director Resources. The relevant sections in the Council's Constitution are:

Terms of Reference for Committees:

Pensions Committee

To discharge the functions of the authority as Administering Authority of the Cardiff & Vale of Glamorgan Pension Fund ('the Fund') as described in the Local Government Pension Scheme (LGPS) Regulations made under the Superannuation Act 1972 (sections 7,12 or 24) and Section 18(3A) of the Local Government and Housing Act 1989; and

To discharge the following specific strategic functions with regards to the Fund, taking account of advice from the Corporate Director Resources and the Fund's professional advisers:-

- a) Determining the Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
 - i) Governance – approving the Governance Policy and Compliance Statement for the Fund;
 - ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, giving due consideration to the results and impact of the triennial actuarial valuation and interim reports;
 - iii) Investment strategy - approving the Fund's investment strategy, Statement of Investment Principles and Myners Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite;
 - iv) Communications Strategy – approving the Fund's Communication Strategy;

v) Discretions – determining how the various administering authority discretions are operated for the Fund; and

vi) Internal Dispute Resolution Procedure – determining how the Scheme Member disputes are administered.

b) Monitoring the implementation of these policies and strategies as outlined in a) above on an ongoing basis.

c) Considering the Fund's financial statements as part of the approval process and agreeing the Fund's Annual Report. Receive internal and external audit reports on the same.

d) Receiving ongoing reports from the Corporate Director Resources in relation to the delegated operational functions.

e) To provide independent assurance to members of the Fund of the adequacy of the risk management and associated control environment, responsible for the Fund's financial and non-financial performance.

f) To adhere to the principles set out in the Pensions Regulator Code of Practice and undertake its duties in compliance with the obligations imposed on it.

g) To receive regular training to enable Committee Members to make effective decisions and be fully aware of their statutory and fiduciary responsibilities and their stewardship role.

h) Consider any pension compliance matters raised by the Fund's Local Pension Board.

Specific Delegations to Statutory Officers:

FS28

In accordance with any policy or strategy decided by the Pensions Committee to approve decisions relating to the operational management of the pension fund and the administration of pension benefits.

FS51

To carry out functions relating to local government pensions etc pursuant to Regulations under Section 7, 12 or 24 or the Superannuation Act 1972; and functions relating to pensions, allowances and gratuities pursuant to Regulations under Section 18(3A) of the Local Government and Housing Act 1989.

The administration of the Pension Fund is carried out by the Pensions Section based in County Hall. All significant decisions e.g. the exercise of discretions granted to the administering authority under the LGPS regulations, are made and recorded in accordance with the Council's scheme for delegated decision making. As part of the Resources Directorate, the Section is subject to the Council's policies, procedures and internal controls.

The Pension Committee and Corporate Director Resources are advised on investment matters by an Investment Advisory Panel. The role of the panel is detailed in the Fund's Statement of Investment Principles.

The panel comprises:

- Corporate Director Resources
- Three elected members of City of Cardiff Council

- One elected member of Vale of Glamorgan Council as observer
- Two independent advisers

The panel normally meets four times a year to review the performance of the Fund's investments and to advise on investment strategy. The panel also considers other aspects of the administration of the LGPS which may have implications for investments e.g. the triennial actuarial valuation. The panel receives presentations from each active investment manager annually and also interviews shortlisted managers when new mandates are awarded.

An Employers' Forum is held annually to which all contributing employers of the Fund are invited. The Forum considers the Fund's Annual Report and Accounts and receives presentations on matters such as changes in regulations and actuarial valuations.

A Trade Union Forum is also held annually and considers similar issues with trade union representatives of the main employers.

Compliance with Statutory Guidance

Compliance Standard	Arrangements in Place/Action Taken	Action Complies with Principle? Yes/No/Partial	Reason for non-Compliance (if applicable)
Principle A – Structure			
<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>	The Committee's Terms of Reference and Officer Delegations are clearly set out in the Council's Constitution	Yes	
<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</i>	The two main employers are represented on the Investment Advisory Panel. Other employers attend the annual Employers' Forum and are represented on the Local Pension Board Scheme members are not represented	Partial	

Compliance Standard	Arrangements in Place/Action Taken	Action Complies with Principle? Yes/No/Partial	Reason for non-Compliance (if applicable)
<i>committee.</i>	on the Committee or Panel but are represented at the Trade Union Forum and Local Pension Board.		
<i>That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</i>	Yes	Yes	
<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>	No – the Committee is a committee of the administering authority.		
Principle B – Representation			
<i>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :- i) employing authorities (including non-scheme employers, eg, admitted bodies); ii) scheme members (including deferred and</i>	The Committee is a committee of the administering authority. The two unitary authorities employ over 85% of active members and are represented on the Panel. Other employers are not currently represented Scheme members are not currently represented	Partial	

Compliance Standard	Arrangements in Place/Action Taken	Action Complies with Principle? Yes/No/Partial	Reason for non-Compliance (if applicable)
<p><i>pensioner scheme members);</i></p> <p><i>iii) independent professional observers; and</i></p> <p><i>iv) expert advisors (on an ad-hoc basis).</i></p>	<p>Two independent advisors attend every Panel meeting</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>All Committee and Panel members have the same access to papers and training opportunities.</p>	<p>Yes</p>	
Principle C - 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>The functions of the Committee are set out in the Council's Constitution.</p> <p>The role of the Investment Advisory Panel is clearly set out in the SIP and other key documents</p>	<p>Yes</p>	
Principle D – 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</i></p>			

Compliance Standard	Arrangements in Place/Action Taken	Action Complies with Principle? Yes/No/Partial	Reason for non-Compliance (if applicable)
<i>or group represented on main LGPS committees.</i>			
Principle E - Training/Facility Time/Expenses			
<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>	Committee and Panel members are advised of training opportunities.	Yes	
<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>	Yes	Yes	
Principle F - Meetings (frequency/quorum)			
<i>That an administering authority's main committee or committees meet at least quarterly.</i>	The Committee meets at least quarterly.	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>	The Investment Advisory Panel meets quarterly	Yes	

Compliance Standard	Arrangements in Place/Action Taken	Action Complies with Principle? Yes/No/Partial	Reason for non-Compliance (if applicable)
<i>That administering authorities who do 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>	Employers' Forum and Trade Union Forum are held annually	Yes	
Principle G - 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>	Papers are circulated to all Committee and Panel members in advance of meetings.	Yes	
Principle H - Scope			
<i>That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.</i>	<p>The Committee's role is to consider all strategic issues.</p> <p>The Investment Advisory Panel considers all issues relevant to investment matters.</p> <p>Wider issues are also discussed at the Employers' and TU Forums.</p>	Yes	
Principle I - Publicity			
<i>That administering authorities have published details of their governance</i>	All governance documents are published on the	Yes	

Compliance Standard	Arrangements in Place/Action Taken	Action Complies with Principle? Yes/No/Partial	Reason for non-Compliance (if applicable)
<i>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>	Council's website		

Local Pension Board

The Terms of Reference for the Local Pension Board of the Cardiff & Vale of Glamorgan Pension Fund have been published on the Fund's website:
www.cardiff.gov.uk/pensions/

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
September 2016