

Local Pension Board : 18 January 2022

## Item 8 Appendix 1 : Review of Governance Compliance Statement

### **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**

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 (previously the Statement of Investment Principles (SIP)) 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.
- i) All Members of the Committee will be required to undertake relevant training to enable them to properly discharge their duties.

### **Local Pension Board**

The terms of reference of the Local Pension Board have now been added to the Council's Constitution and are as follows :-

To assist Cardiff Council as Scheme Manager and Administering Authority to:

- (i) secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the scheme;
- (ii) secure compliance with any requirements imposed by the Pensions Regulator in relation to the LGPS; and
- (iii) ensure the effective and efficient governance and administration of the scheme (pursuant to sections 5(1) and (2) of the Public Services Pensions Act 2013 and regulation 106(1) of the LGPS Regulations

### **Specific Delegations to Statutory Officers: Corporate Director Resources FS28**

In accordance with any policy or strategy decided by the Pensions Committee to approve decisions relating to the operational management of the Cardiff & Vale of Glamorgan Pension Fund ('the Fund') and the administration of pension benefits.

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 Investment Strategy Statement (ISS) .

The panel comprises:

- Corporate Director Resources
- Three elected members of City of Cardiff Council
- One elected member of Vale of Glamorgan Council (observer status)
- 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) |
|---|--|--|---|
| <b>Principle A – Structure</b>  |  |  |   |
| The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.   | The Committee's Terms of Reference and Officer Delegations are clearly set out in the Council's Constitution   | Yes  |   |
| 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. | The two main employers are represented on the Investment Advisory Panel.<br><br>Other employers are represented on the Local Pension Board and attend the annual Employers' Forum<br><br>Scheme members are not represented on the Committee or Panel but are represented on the Local Pension Board and attend the Trade Union Forum. | Partial  |   |
| That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.   | Yes  | Yes  |   |
| 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  | No – the Committee is a committee of the administering authority.  |  |   |

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| secondary committee or panel.   |   |                           |  |
| <b>Principle B – Representation</b>   |   |                           |  |
| <p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure.</p> <p>These include :-</p> <p>i) employing authorities (including non-scheme employers, e.g., admitted bodies);</p> <p>ii) scheme members (including deferred and pensioner scheme members);</p> <p>iii) independent professional observers; and</p> <p>iv) expert advisors (on an ad-hoc basis).</p> <p>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.</p> | <p>The Committee is a committee of the administering authority.</p> <p>The two unitary authorities employ over 85% of active members and are represented on the Panel. Other employers are not represented on the Panel but are represented on the Pension Board</p> <p>Scheme members are not represented on the Committee or Panel but are represented on the Pension Board</p> <p>Two independent advisors attend every Panel meeting</p> <p>All Committee, Panel and Board members have the same access to papers and training opportunities.</p> | <p>Partial</p> <p>Yes</p> |  |
| <b>Principle C - Selection and Role of Lay Members</b>  |   |                           |  |
| <p>That Committee, Board 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.</p>   | <p>The functions of the Committee and the Board are set out in the Council's Constitution.</p> <p>The role of the Investment Advisory Panel is clearly set out in the ISS and other key documents</p>   | <p>Yes</p>                |  |
| <b>Principle D – Voting</b>   |   |                           |  |
| The policy of individual  | Voting Rights for this Fund   | Partial                   |  |

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| 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   | are largely exercised through the WPP, in line with the other Welsh LGPS Funds. The WPP has appointed Robeco as its voting and engagement advisor and WPP undertakes regular reviews of it's voting policy. |     |  |
| <b>Principle E – Training/Facility Time/Expenses</b>   |   |     |  |
| 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. | Committee, Board and Panel members are advised of training opportunities.   | Yes |  |
| 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   | Yes   | Yes |  |
| <b>Principle F - Meetings (frequency/quorum)</b>   |   |     |  |
| That an administering authority's main committee or committees meet at least quarterly.  | The Committee meets at least quarterly.   | Yes |  |
| 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.   | The Investment Advisory Panel and Pension Board meets quarterly in advance of Pension Committee dates. One of the Board meetings is a joint meeting with the Committee                                      | Yes |  |
| 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.  | Employers' Forum and Trade Union Forum are held annually  | Yes |  |
| <b>Principle G - Access</b>  |   |     |  |
| That subject to any rules in the   | Papers are circulated to all  | Yes |  |

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| 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.  | Committee, Board and Panel members in advance of meetings.  |     |  |
| Principle H - Scope  |   |     |  |
| That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangement  | <p>The Committee's role is to consider all strategic issues.</p> <p>The Investment Advisory Panel considers all issues relevant to investment matters whilst the Board has a focus on pension administration issues. Wider issues are also discussed at the Employers' and TU Forums.</p> | Yes |  |
| Principle I - Publicity  |   |     |  |
| 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. | All governance documents are published on the Council's website   | Yes |  |

#### Local Pension Board

Further information on the Local Pension Board, including the Board's Terms of Reference for have been published on the Fund's website:

[Pensions Committee and Board - Cardiff and Vale Pension Fund](#)

#### Wales Pension Partnership (WPP)

Details of the governance arrangements for the WPP can be found on the WPP website

[Wales Pension Fund | Governance \(walespensionpartnership.org\)](http://walespensionpartnership.org)

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