

DORSET COUNTY PENSION FUND

GOVERNANCE POLICY AND COMPLIANCE STATEMENT

~~June 2012~~ June 2015

1. Background

- 1.1 All Local Government Pension Scheme (LGPS) Funds in England and Wales are required to publish a Statement by 1 April 2006, under the LGPS (Amendment) (No. 2) Regulations 2005 which came into force on 14 December 2005.
- 1.2 The statement reflects the current governance position for the Fund and as such has been prepared by the administering authority in consultation with appropriate interested persons.

2. Requirement for the Governance Policy Statement

- 2.1 The regulations on governance policy statements require an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out

(a) whether it delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority;

(b) and, if so, it must state:

- *the frequency of any committee/sub-committee meetings;*
- *the terms of reference, structure and operational procedures of the delegation;*
- *whether the committee/sub committee includes representatives of*
 - *employing authorities (including non-scheme employers)*
 - *scheme members*
- *and, if there are such representatives, whether they have voting rights.*

- 2.2 Thus, the policy statement should include information about all of the administering authority's pension fund governance arrangements. Information about the representation of employers should cover any arrangements for representing admitted body employers (non-scheme employers).
- 2.3 The requirement was updated in 2008 by Regulation 31 of the Local Government Pension Scheme (Administration) Regulations with the additional requirement for administering authorities to state "*the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying*".
- 2.4 The guidance was issued by the Department for Communities and Local Government (CLG) in final form in November 2008. The Schedule to this statement describes the extent of compliance as required by, and in the format recommended in, the guidance.
- 2.5 The statement must be revised and published by the administering authority following a material change in policy on any of the matters set out above.

2.6 In 2013 the Public Service Pensions Act required that each public sector scheme establish a Local Pension Board. The subsequent Local Government Pension Scheme Governance regulations 2015 specify the role of the Board for LGPS funds. The regulations require the creation of a Local Pension Board to assist the scheme manager (in Dorset's case, The Pension Fund Committee) in securing compliance

[with regulations, legislation relating to governance and administration of the Scheme, and any requirements imposed by the Pensions Regulator.](#)

3. Governance of the Dorset County Pension Fund

3.1 Under the cabinet structure in local government, management of the pension fund is a non-executive function and this is reflected in the governance structure that is set out below. Under this system the County Council has delegated all aspects of the management of the Pension scheme to the Pension Fund Committee. The day to day administration of the Fund is delegated to the Fund Administrator working within the policy decisions made by the Committees and any relevant regulations set by the CLG.

Pension Fund Committee

3.2 The formal terms of reference of the Pension Fund Committee as set by the Council are:

- To exercise all functions of the Council as administering authority under Local Government Superannuation Act and Regulations and deal with all matters relating thereto

3.3 In broader terms this means that the Committee has responsibility for:

- Determining the overall investment strategy and strategic asset allocation of the Fund, and in doing so taking proper professional advice
- Overseeing the preparation of and regularly reviewing the Fund's key policy documents including the Statement of Investment Principles (SIP), Funding Strategy Statement, Governance Policy and Compliance Statement, Business Plan, Communications Strategy.
- Appointing and reviewing the performance of all Fund Managers and other professional service providers
- Reviewing all aspects of performance across the Pension Fund service
- Deciding upon requests for admission of qualifying organisations wishing to join the Fund
- Deciding upon key pension policy and discretions that are the responsibility of the Administering Authority
- Ensuring that at all times that these responsibilities are discharged in the best interests of the Fund.
- [Making appointments to the Local Pension Board of the Dorset County Pension Fund.](#)

3.4 The Committee meets at least quarterly and at alternate meetings generally requires all main managers to be present. Other meetings are occasionally held to deal with other business which for example might require urgent discussion, more time for consideration than that normally available, or be inappropriate for the larger audience. Business of the Committee will not be transacted unless a quorum of 3 members is present.

Fiduciary duty

3.6 In considering matters before each committee and in reaching their decisions, members are aware that the fiduciary duty to employers, taxpayers, and scheme beneficiaries must always be put before the interests of individuals, individual groups or sectors represented on the committees.

4. Representation

4.1 The current membership of the Pension Fund Committee is as set out below:

Five County Council members – appointed by the County Council (not more than one being a member of the Council's Cabinet)

Two Unitary Authority members – one appointed by Bournemouth Borough Council and one nominated by the Borough of Poole.

One District Council representative

One Scheme Member representative

4.2 The nomination process for each Committee member is :

- i. The 5 County Council members are nominated by their political parties, maintaining the political balance of the Council. No more than one will be a member of the Council's Cabinet.
- ii. The members from Bournemouth and Poole are nominated by their Council.
- iii. The member representing the District Councils is nominated by the Dorset Leaders and Chief Executives group.
- iv. The Scheme Member representative is nominated by the Unions, with Unison as lead union.

4.3 Formal statutory responsibility for the LGPS in Dorset remains with the administering authority (Dorset County Council) which is answerable for the effective and prudent management of the scheme. It was decided to invite other interested bodies to be represented on the Committee.

4.4 The representation set out above gives direct representation to about 78% of the membership (contributors plus pensioners) and is considered to be the optimal mix of committee size with representation achieved. These arrangements were reviewed in September 2005 when the union representative was added to the Committee. Also at this time the practicalities of increasing representation by having more representatives was considered. The arrangements were also reviewed in September 2009, and on balance it was decided that a meaningful increase in proportional representation could not be achieved without at least doubling the size of the Committee and this was considered unworkable given the specialist role of the Committee. Officers review this on a regular basis and currently, the above still applies.

4.5 Committee papers are publicly available on the Council's website and all employers have been informed of this. Hard copy is provided if requested. The Fund's Communication Strategy explains in more detail engagement with all stakeholders. However in the case of employers, annual meetings are held to facilitate an exchange of information and ideas which has helped to keep fund management issues transparent and has brought accountability to the fore. This helps support the formal governance set out above.

4.6 Under the Public Service Pensions Act 2013 and the LGPS Governance regulations the Pension Fund Committee is now referred to as the Scheme Manager. The

Department for Communities and Local Government being the body that makes the regulations for the LGPS is referred to as the Responsible Authority. The Regulations also refer to the Scheme Advisory Board which assists the Responsible Authority. The Shadow Scheme Advisory Board has been operating at a national level since 2013. The regulations also refer to Local Pension Boards, and this is described below.

5. Local Pension Board

5.1 As referred to in paragraph 2.6 the Fund was required to establish a Local Pension Board. The regulations require that the Local board will be responsible for assisting the Scheme Manager:

a) to secure compliance with-

- 1) the LGPS regulations
- 2) any other legislation relating to the governance and administration of the Scheme and any connected scheme, and
- 3) any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme; and

b) to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

5.2 The regulations require that the Board is established by no later than 1 April 2015, and regulatory guidance requires that the Board holds its first meeting within 4 months of this date. The first meeting of the Board took place on 24 June 2015. The regulations also specify that the Board's membership should have equal numbers of employer and member representatives, and that in total should be no less than 4.

5.3 The Dorset County Pension Fund established a Local Pension Board, with the County Council's formal agreement of its terms of reference at their meeting on 12 February 2015.

5.4 The Board is not a formal committee of the Council and does not have any executive powers, but the Council's rules on notice of meetings, publishing agendas, reports, minutes and that meetings and papers (unless confidential) are open to the public, will apply. In accordance with Governance Regulation 106 (6), the Local Pension Board has the power to do anything which is calculated to facilitate, or is conducive to, the discharge of any of its functions.

5.5 Assisting the Scheme Manager is interpreted as helping the Scheme Manager, including doing work requested by the Scheme Manager. However, the Board does not replace the Scheme Manager nor make decisions which are the responsibility of the Scheme Manager.

5.6 The remit of the Local Pension Board is interpreted as covering all aspects of governance and administration of the DCPF, including funding and investments. For the avoidance of doubt, this does not extend to the operational investment of the Fund's assets. The Local Pension Board is entitled to request information from the Scheme Manager in order to carry out its function.

5.7 The terms of reference for the Board are detailed in a separate document and cover function, membership, voting, conflicts of interest, meetings, reporting, use of

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advisers, knowledge and understanding requirements, standards of conduct, publication of information, and accountability.

5.84 The Board consists of three members representing Employers and three representing scheme members. The three Employers representatives are ~~to be~~ nominated by the Fund's three largest employers; Dorset County Council, Bournemouth Borough Council, and the Borough of Poole Council. The Fund invited all scheme members to nominate themselves as representatives, and also asked Unison, as the largest union to nominate members. The unions are guaranteed at least one of the three scheme member positions.

~~5.5. The first meeting of the Board will be on 24 June 2015.~~

Presented for approval to the Pension Fund Committee on ~~14 June 2012~~ 24 June 2015

Schedule of compliance with guidance issued by CLG

Principle A – Structure

- (a) The management of the administration of benefits and strategic management of fund assets clearly rest with the main committee established by the appointing Council.
- (b) 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.
- (c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.
- (d) 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.

	Not Compliant				Fully Compliant				Not applicable	
(a)								✓		
(b)							✓			
(c)										✓
(d)										✓

Reason for non-compliance (Regulation 73A(1) (c) 1997 Regulations):
 (c) and (d) We have only one Committee and therefore these are not applicable

Comments on ratings given above:
 (b) The appointed trade union representative has been given the formal role of representing scheme members.

Principle B – Representation

- (a) 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 pensioner scheme members),
 - iii) independent professional observers, and
 - iv) expert advisers (on and ad-hoc basis).
- (b) 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.

	Not Compliant				Fully Compliant	Not applicable
(a)					✓	
(b)					✓	

Reason for non-compliance (Regulation 73A (1) (e) 1997 Regulations):

Comments on ratings given above:

The appointed trade union representative has been given the formal role of representing scheme members.
 The Fund has appointed an independent investment adviser and an independent professional observer from AllenbridgeEPIC Investment Advisers.

Principle C - Selection and role of lay members

- (a) 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.
- (b) 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.

	Not Compliant				Fully Compliant				Not applicable			
(a)								✓				
(b)								✓				

Reason for non-compliance (Regulation 73A (1)(e) 1997 Regulations):

Comments on ratings given above:

- (a) The Committee's responsibilities are formally documented as set out in Section 3 of this Statement.
- (b) The agenda for each meeting has a standing item on "Code of Conduct" to receive declarations by members of (a) personal interests (including their nature) and (b) prejudicial interests under the Code of Conduct. Members who have an interest to declare are asked to complete a Declaration of Interests form (a copy is attached to the agenda) and hand it to the Democratic Services Officer prior to the meeting. Any member who has a query on a particular matter is asked to contact the officer named at the top of the agenda in advance of the meeting.

Principle D – Voting

- (a) The policy of individual administering authorities on voting rights is clear and transparent, including justification for not extending voting rights to each body or group represented on main LGPS committees.

Not Compliant	Fully Compliant	Not applicable
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(a)				✓	
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Reason for non-compliance (Regulation 73A (1) (c) 1997 Regulations):

Comments on ratings given above:

The County Council's constitution contains details of voting rights of committee members. This was formally reviewed in a report to the committee in February 2006. All members of the Committee have voting rights.

Principle E - Training/Facility time/Expenses

- (a) 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.
- (b) 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.
- (c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.

	Not Compliant		Fully Compliant		Not applicable
(a)			✓	✓	
(b)				✓	
(c)				✓	

Reason for non-compliance (Regulation 73A (1) (c) 1997 Regulations):
~~(a) A formal training policy will be presented for approval to the June 2012 Committee meeting~~

Comments on ratings given above:
 Training, both internally and externally, is made available to members of the committees on a regular basis.
~~Formal documentation of policy, plans and activity is currently being actioned.~~

Principle F - Meetings (frequency/quorum)

- (a) That an administering authority’s main committee or committees meet at least quarterly.
- (b) 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.
- (c) 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.

	Not Compliant				Fully Compliant				Not applicable							
(a)								✓								
(b)															✓	
(c)								✓								

Reason for non-compliance (Regulation 73A (1) (c) 1997 Regulations):
~~(c) The Fund holds annual employers meetings, enabling employer bodies to hear from and question those running the scheme.~~

Comments on ratings given above:
~~(c) The Fund holds annual employers meetings, enabling employer bodies to hear from and question those running the scheme.~~
 (c) From 1 April 2015, Dorset County Council in its role of Administering Authority has established a Local Pension Board. This will consist of 6 voting members (3 employer and 3 member representatives). The purpose of this Board is to review and ensure the WiltshireDorset Pension Fund secures compliance with the Scheme regulations and all other relevant legislations.

Principle G – Access

- (a) 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.

Not Compliant	Fully Compliant	Not applicable
	✓	

Reason for non-compliance (Regulation 73A (1) (c) 1997 Regulations):

[Committee papers are publicly available on the web site.](#)

Comments on ratings given above:

[Committee papers are publicly available on the web site.](#)

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Principle H – Scope

- (a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.

Not Compliant	Fully Compliant	Not applicable
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(a)				✓	
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Reason for non-compliance (Regulation 73A (1) (c) 1997 Regulations):

Comments on ratings given above:
 The change to the Committee structure in 2012 gives the Pension Fund Committee the wider role of exercising all functions of the Council as administering authority under Local Government Superannuation Act and Regulations and deal with all matters relating thereto

Principle I – Publicity

- (a) 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.

Not Compliant	Fully Compliant	Not applicable
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(a)				✓	
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Reason for non-compliance (Regulation 73A (1) (c) 1997 Regulations):

Comments on ratings given above:
 This document is published in the Annual Report and made available to all stakeholders of the scheme.

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