

EXTRACT FROM STAFFORDSHIRE COUNTY COUNCIL CONSTITUTION

SECTION 8 - PENSIONS

Approved by the County Council on xx xx 2017

Bold Text

Terms of Reference to be gradually phased out, with effect from 1 April 2017, to co-incide with the establishment of LGPS Central Limited, the transfer of Pension Fund investment management activity to that company and the establishment of associated revised governance arrangements

Red (Italic) Text

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- 4.1 The Pensions Committee will have full delegated powers to deal with all Functions relating to Local Government Pensions on behalf of the County Council.
- 4.2 The Committee shall comprise 9 elected members and 6 non-voting co-opted members representing the following categories:-
- Local Authorities/Staffordshire Police Authority/ Combined Fire Authority (1 seat)
 - Contractors (1 seat)
 - Other Scheduled Bodies (1 seat)
 - Trades Unions (2 seats)
 - Pension Recipients (1 seat)
- 4.3 The terms of reference of the Pensions Committee will be:-
- To decide and set from time to time:-
 - The strategic asset allocation and objectives of the Staffordshire Pension Fund (“the Pension Fund”);
 - The strategic benchmarks for the performance of the Pension Fund against which the actual performance is to be measured;
 - The strategic targets against which the performance of the Pensions Panel **and Fund Managers** is to be measured;
 - The arrangements for consultation with the stakeholders that have an interest in the affairs of the Pension Fund.
 - To review at not more than yearly intervals the performance of the Pension Fund and the Pensions Panel against the strategic objectives, benchmarks and targets set by them and to consider if, and to what extent, any change may be necessary to ensure the efficient and effective performance of the Pension Fund;

- *Selection, appointment and dismissal of an investment pooling operator to manage the assets of the Fund.*
- *Determining what the administering authority requires the pool to provide to enable it to execute its local investment strategy effectively.*
- *Receiving and considering reports and recommendations from the Joint Committee and Practitioners Advisory Forum, established to oversee the pool, to ensure that the Fund's investor rights and views are represented effectively.*
- *Identifying and managing the risk associated with investment pooling.*
- *Ensuring that appropriate measures are in place to monitor and report on the ongoing costs of investment pooling.*
- *Ensuring the responsible investment, corporate governance and voting policies of the Fund are delivered effectively.*
- To approve and keep under review the Investment Strategy Statement and Funding Strategy Statement.
- To maintain a Communication Strategy.
- To approve the Pension Fund Annual Report and Accounts.
- To receive a report at least annually on pensions administration activities.
- To approve and keep under review the Fund's Additional Voluntary Contribution (AVC) arrangements.
- To approve the formal Actuarial Valuation.
- To approve the admission of employing organizations to the Fund where there is discretion to do so.
- To have due regard to the advice of the Director of Finance and Resources and to the advice of Consultants appointed by the Committee for the purpose (the appointment of whom may be made by the Committee on such terms and conditions and for such duration as the Committee may consider appropriate) with expertise in either or both of the following fields:-
 - Actuarial matters and Risk/Liability assessment
 - Investment Strategy and Allocation;
- To monitor from time to time the advice received from Consultants.
- To have regard to the advice of the Pensions Panel on matters referred to the Committee for consideration by the Panel and to call for advice from any Adviser or Manager who could have been asked by the Pensions Panel to give the Panel advice.
- If the Pensions Committee shall disregard the advice of Consultants their reasons for so doing shall be recorded in the minutes of the Committee.

- To deal with any other matters arising in respect of Local Government Pensions.
- To appoint a Pensions Panel of five Members of the Committee.
- To appoint a Pensions Board of a maximum of seven members (comprising two employer representatives, two employee representatives and a maximum of three 'independent' members).

4.4 The Pensions Panel

4.4.1 The Pensions Committee will constitute a Pensions Panel of five members of the Committee with full delegated powers to deal as and when appropriate with the following matters:-

- The structure of the management arrangements necessary to achieve the effective management of the Pension Fund to meet the objectives set by the Pensions Committee;
- **The selection, appointment and dismissal of, and the monitoring of the performance of, the Managers of the Pension Fund**
- The allocation of the assets of the Pension Fund and the generic selection of asset portfolios in order to meet the objectives set by the Pensions Committee;
- The monitoring of the performance of the Pension Fund **and its portfolios** on a regular and routine basis across all sectors of investment and management and the reporting arrangements to Panel *that may be* required from time to time for this purpose;
- *The monitoring of the performance and effectiveness of the investment pooling operator to ensure it is providing an effective means of delivering the investment strategy (e.g. types of assets and style of investment management) and it is meeting the objectives that have been set (including requirements in relation to responsible investment).*
- **To agree from time to time any restrictions to be placed on any one or more Managers of the Pension Fund as to particular classes of authorised investment or decisions they may take on behalf of the Pension Fund or as to the exercise of voting rights.**

4.4.2 The Pensions Panel will review regularly and make recommendations to the Pensions Committee on the following matters:-

- Strategic Asset Allocation.
- Strategic Benchmarks.
- Strategic Performance Targets.
- **The performance of Investment Fund Managers**
- The Investment Strategy Statement and the Funding Strategy statement.
- Legislative, financial and economic changes which impact on the investment activity of the Fund.
- The advice from advisers appointed by the Panel.

4.4.3 The Pensions Panel shall have regard to the advice of the Chief Finance Officer and to the advice of Independent Advisers appointed by the Panel for the purpose (the appointment of whom may be made by the Panel on such terms and conditions and for such duration as the Panel may consider appropriate) with expertise in any one or more of the following fields:-

- Tactical Asset Allocation/Investment Strategy Implementation;
- Equities/Stocks/Shares/Securities (whether in UK or Overseas)
- Property
- Bonds and Gilt-edged Investments
- **Manager Selection and Performance Monitoring**

and to the advice of any one or more Managers of the Pension Fund as the Panel may request.

4.4.4 The Pensions Panel may make recommendations to the Pensions Committee on any other matter whether or not it falls within the delegated powers available to the Pensions Panel.

4.5 **The Pensions Board**

4.5.1 The Pensions Board will be established under the provisions of Regulation 106(5) of the Pension Local Government Pension Scheme Governance Regulations 2014 and will comprise three representatives of employers and three representatives of employees. Upon receipt of written approval from the Scheme Manager, the Pension Board may appoint a non-voting independent advisor to the Pension Board

4.5.2 The Pensions Board will be constituted and conduct its business in compliance with its formal constitution as approved by the Pensions Committee on 24 October 2014 (and any formally approved subsequent version thereof).

4.5.3 The main purpose and role of the Board will be to:

a) Assist the Administering Authority, as Scheme Manager:

- To secure compliance with the LGPS Regulations and any other legislation relating to governance and administration of the LGPS
- To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator including but not limited to the regulatory strategy of public service pension schemes (as amended);
- In such matters as the LGPS regulations may specify

b) Secure the effective and efficient governance and administration of the LGPS for the Staffordshire Pension Fund.

- c) Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
- d) To ensure the Staffordshire Pension Fund effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- e) Help ensure that the Staffordshire Pension Fund is managed and administered effectively and efficiently in terms of administration and governance including investments and funding and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator.
- f) Meet sufficiently regularly to discharge its duties and responsibilities effectively.

4.6 LGPS Central Joint Committee

4.6.1 The LGPS Central Joint Committee will be the forum for discussing common investor / customer issues relating to LGPS Central Limited.

4.6.2 The Staffordshire Pension Fund will be represented on the Joint Committee by the Chairman of the Staffordshire Pension Panel, or their nominated representative.

4.6.3 The Joint Committee's role is to support and provide assistance and guidance and recommendations to the 8 participating Council's in connection with common investor issues such as:

- (a) Operator service delivery and KPIs; and*
- (b) Other Pool related investment issues, for example adopting common approaches to investment policies (for example common social, environmental and corporate governance policies or policies on voting rights).*

4.6.4 The Joint Committee shall with the support of the Practitioners Advisory Forum act as the initial forum for LGPS Central to engage with, in connection with general service and performance issues applicable to the wider LGPS Central Pool. This will not preclude LGPS Central engaging directly with Councils in relation to specific matters relating to individual Councils only.

4.6.5 It is expected the Joint Committee will meet twice a year.