

FALKIRK COUNCIL

**Subject: FALKIRK COUNCIL PENSION FUND - GOVERNANCE
ARRANGEMENTS**
Meeting: INVESTMENT COMMITTEE
Date: 1 March 2012
Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 This report updates members on progress that has been made in implementing revised governance arrangements for the Falkirk Council Pension Fund.

2. BACKGROUND

- 2.1 The Scottish Public Pensions Agency (SPPA) issued best practice guidance in April, 2011 concerning the governance arrangements that should be adopted by Scottish local authority pension funds. The extent of compliance with the best practice guidelines requires to be reported in a Governance Compliance Statement and the statement itself included in the Pension Fund Annual Report and Accounts.
- 2.2 A report proposing a revised approach to Fund governance arrangements was agreed at the Investment Committee of 16 June, 2011 and endorsed by Council on 22 June, 2011 with a view to this being consulted upon with stakeholders. The arrangements included:
- re-titling the Investment Committee as the Pensions Committee;
 - establishing a secondary committee – a Pensions Panel – to support the Pensions Committee;
 - holding quarterly Panel meetings ahead of the Pensions Committee;
 - giving Panel members equal access to training and papers;
 - allowing three Panel members to sit as co-opted members on the Pensions Committee; and
 - allowing the co-opted members to have voting rights on the Pensions Committee.
- 2.3 A consultation exercise involving Employers, Unions and Pensioners subsequently took place with the results of a broadly consensual nature being reported to the Investment Committee on 24 November, 2011. At the same meeting, it was also agreed that
- the number of Falkirk Council Members on the Pensions Committee be set at six;
 - the number of members on the Pensions Panel should be limited to fifteen;
 - stakeholders be provided with a progress report; and
 - officers be authorised to progress matters and report back to the Investment Committee.

This was endorsed by Council on 7 December, 2012.

3. REVISED GOVERNANCE FRAMEWORK

- 3.1 An update on the proposed arrangements was given to stakeholders in early January. No comments have been received and none are now expected. A revised Governance Framework document has therefore been drafted and is attached at Appendix 1 to this report. The document summarises the new arrangements whilst recognising that a more formal description of the respective roles of the Committee and Panel will require to be set out in the Council's Scheme of Delegation.
- 3.2 The Governance Framework document is in two parts:
- a) Part 1 - the Governance Policy - describes the new arrangements, including the main responsibilities of the Pensions Committee and Pensions Panel; and
 - b) Part 2 - the Governance Compliance Statement - tests the new arrangements against the SPPA best practice guidelines.
- 3.3 The CIPFA Code of Practice on Public Sector Pensions Knowledge and Skills recognises that effective financial administration and decision making can only be achieved where those involved have the appropriate training and expertise. Reference to the Code of Practice has been built into the Governance Framework document and the commitment to training is reflected through the introduction of a formal Training Policy. The draft policy will be considered later in this meeting.

4. CONCLUSION

- 4.1 Subject to the Governance Framework document being approved at this meeting and by Council on 14 March, 2012, the new governance arrangements would be operational after the local authority elections in May.
- 4.2 Discussions are ongoing between the Finance and Governance Services to ensure that the Scheme of Delegation is amended to reflect the establishment of the Pensions Committee and Pensions Panel.

5. RECOMMENDATIONS

- 5.1 **The Investment Committee is invited to recommend to Council that:**
- (i) **the revised Governance Framework document as set out in Appendix 1 to this report be approved.**

Chief Finance Officer

Date: 18 February, 2012

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LIST OF BACKGROUND PAPERS

Nil