

**REPORT TO: SCRUTINY COMMITTEE – 24 JUNE 2015**

**REPORT ON: TAYSIDE PENSION FUND ANNUAL GOVERNANCE STATEMENT 2014/15**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 213-2015**

**1 PURPOSE OF REPORT**

This report details the governance arrangements of Tayside Pension Fund for the period of 1 April 2014 to 31 March 2015 which are the responsibility of Dundee City Council as the Scheme Manager and administering authority for the fund.

**2 RECOMMENDATION**

It is recommended that the Committee:

- I. notes the contents of the Tayside Pension Fund Annual Governance Statement.
- II. instructs the Director of Corporate Services to arrange for the Annual Governance Statement to be signed as necessary.
- III. notes that the Annual Governance Statement will be considered in due course within the Audited Statement of Accounts of Tayside Pension Fund.

**3 FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from the recommendations in this report.

**4 BACKGROUND**

The replacement of Local Government Finance circular 1/2011(which contained guidance for Local Government pension fund annual report and accounts) with Local Government Finance circular 6/2015 recognises that pension fund legislation includes a requirement for a "Governance Compliance Statement. The new circular provides guidance to local authorities that administer local government pension funds how the two sets of legislative requirements should be accommodated within the pension fund annual report and accounts.

In line with the requirements for the Council, as administering authority of Tayside Pension Fund, Dundee City Council will submit their Annual Governance Statement as contained in Annual Accounts to Scrutiny Committee as part of final accounts process.

**5 POLICY IMPLICATIONS**

This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

**6 CONSULTATION**

The Chief Executive and the Head of Democratic and Legal Services have been consulted.

**7 BACKGROUND PAPERS**

None

**MARJORY M STEWART**  
**DIRECTOR OF CORPORATE SERVICES**

**17 JUNE 2015**

## **TAYSIDE PENSION FUND – ANNUAL GOVERNANCE STATEMENT 1 APRIL 2014 – 31 MARCH 2015**

Dundee City Council is the administering authority and scheme manager of Tayside Pension Fund, a local government pension fund covering the Tayside area. The Council is responsible for ensuring that the business of Tayside Pension Fund is conducted in accordance with the law and appropriate standards.

### **Scope of Responsibility**

The Council has set up the Pensions Committee to control and resolve all matters relating to the investment of assets and the overall governance of the Fund. It is the role of the Pensions Committee to:

- Ensure that the Fund is:
  - Compliant with the Local Government Pension Scheme Regulations and all other legislation that governs the administration of the fund.
  - Valued as required and that reports received on each valuation are considered.
- Be responsible for:
  - Setting the investment objectives and policy and the strategic asset allocation in the light of the Fund's liabilities.
  - Appointing, reviewing, and assessing the performance of investment managers, investment consultants, custodians and actuaries.
  - Ensuring appropriate arrangements are in place for the administration of benefits.
  - Ensure appropriate additional voluntary contributions arrangements are in place.
- Prepare, maintain and publish the following:
  - Governance Compliance Statement.
  - Funding Strategy Statement.
  - The Authority Policy Statement.
  - Statement of Investment Principles.
  - Corporate Governance Policy.

### **The Governance Framework**

The overall governance structure, including the wider responsibilities of the Committee, is set out in the Governance Compliance Statement. Regulation 27 of the Local Government Pension Scheme (Administration)(Scotland) Regulations 2008 requires administering authorities to prepare and publish a written statement setting out the terms of their current governance arrangements, incorporating guidance provided by Scottish Ministers. The statement was last reviewed by Committee in 2011 and demonstrates that the Fund is compliant with guidance provided.

Tayside Pension Fund is administered by Dundee City Council in accordance with Section 24 of its Financial Regulations. Investment policy and decisions are delegated to the Pensions Committee of the Policy and Resources Committee. The Pension Committee provides focus on, and scrutiny over, the investment strategy and the performance of managers and the safe custody of its assets. The Committee consists of 6 elected members from the administering authority, supported by officers of the administering authority (including the Director of Corporate Services), and 3 trade union representatives who have observer status.

The Committee meets quarterly to consider pension matters relating to investment and governance. Additional meetings are called should any matter require an in-depth review.

The Fund also holds annual investment forums for employers and the trade unions. The agenda for these meetings includes presentations by the Actuary and the Fund's Investment and Administration Managers and covers the actuarial position, the benefits structure and investment performance.

### **Continuous Improvement Agenda**

The following are notable planned improvements to be taken forward during 2015/16:

- Amendment to remit of the Pensions Committee to include pension scheme administration.
- Introduction of a Pension Board to assist in securing compliance with relevant legislation and regulation.
- Review of the Environmental, Social and Corporate Governance Policy.
- Introduction of Communication and Administration Policies.
- Introduction of an on line self-service application (LGPS PensionsWEB) to enable access to information for scheme employers and employees.

Information on the Fund is available from the following links:

Minutes of Committee meetings – [www.dundee.gov.uk/minutes/meetings?in\\_cc=35](http://www.dundee.gov.uk/minutes/meetings?in_cc=35)

Publications - [www.dundee.gov.uk/project-publications/pensions](http://www.dundee.gov.uk/project-publications/pensions)

- The Statement of Investment Principles, concerning the approach to the investment of the fund.
- The Business Plan, communication the aims and objectives of the Fund for the forthcoming year.
- The Treasury Management Strategy for the forthcoming year.
- The Actuary's report on the 2014 valuation.
- The Funding Strategy Statement, concerning the management of the identification and management of the Fund's liabilities.
- The Risk Register, concerning the application of Myners Principles.
- The Governance Policy Statement which sets out the Funds approach
- Environmental, Social and Corporate Governance Policy for investment.

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**Marjory Stewart**  
**Director of Corporate Services,**  
**Dundee City Council**  
**8 June 2015**

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**Willie Sawers**  
**Chair of Pension Investment Sub-**  
**Committee, Tayside Pension Fund**  
**8 June 2015**