

REPORT TO: PENSION SUB-COMMITTEE OF THE POLICY & RESOURCES COMMITTEE & PENSION BOARD – 27 JUNE 2022

REPORT ON: TAYSIDE PENSION FUND ANNUAL GOVERNANCE & GOVERNANCE COMPLIANCE STATEMENTS

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 181-2022

1 PURPOSE OF REPORT

To present the Annual Governance Statement and Governance Compliance Statement for approval and inclusion into the unaudited Annual Accounts for the year ended 31 March 2022. This report sets out the governance arrangements of Tayside Pension Fund and the extent to which it complies with regulations.

2 RECOMMENDATIONS

It is recommended that the Committee:

- approves the Annual Governance and Governance Compliance Statements which are included as an Appendix to this report;
- instructs the inclusion of the statements in the Annual Accounts for the year to 31 March 2022.

3 BACKGROUND

The governance structure is the framework through which the Fund is directed and controlled. The structure is set out in the Governance Compliance Statement, which the Fund is required to prepare, maintain and publish under the Local Government Pension Scheme Regulations (Scotland) 2014.

The relevant statutory provisions regarding the preparation of the Annual Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014 which require an annual review of the effectiveness of a local authority's system of internal control. The findings of that review are to be considered by elected members, and following that review, members must approve an Annual Governance Statement.

4 FINANCIAL IMPLICATIONS

There are no financial implications.

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, other than Risk Management itself, which is addressed through the register.

6 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

None

**ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

17 JUNE 2022



ANNUAL GOVERNANCE STATEMENT & GOVERNANCE COMPLIANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT

Dundee City Council is the administering authority and scheme manager of Tayside Pension Fund, a local government pension fund covering the three local authorities in the former Tayside area, and 42 other large and small employers. The main functions of the Administering Authority are the administration of scheme benefits and the investment of the assets of the Fund. These functions are conducted in accordance with the Local Government Pension Scheme (Scotland) Regulations which are statutory instruments made under the Superannuation Act 1972.

Role of the Administering Authority

The role of Dundee City Council as the Administering Authority of Tayside Pension Fund is carried out via:

- The Pension Sub-Committee
- The Pension Board
- The Corporate Finance Section within the Corporate Services function of the Council

The Council has set up the Pension Sub-Committee with delegated responsibility to control and resolve all matters relating to the investment of assets and the overall governance of Tayside Pension 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.
 - Ensuring appropriate additional voluntary contributions arrangements are in place.
 - Providing scrutiny for the Fund, reviewing the Annual governance Statement, Annual Accounts and all audit reports and arrangements.
- Prepare, maintain and publish the following:
 - Governance Compliance Statement.
 - Funding Strategy Statement.
 - Statement of Investment Principles.
 - Environmental, Social and Corporate Governance Policy.
 - Administration Strategy
 - Communications Policy
 - Treasury Policy and Strategy

The Pension Sub-Committee consists of 6 elected members from the administering authority, supported by officers of the administering authority (including the Executive Director of Corporate Services, who carries out the Section 95 duties on behalf of Dundee City Council). The Sub Committee meets quarterly at joint meetings with the Pensions Board. Additional meetings are arranged as required should the need arise.

The Pension Board is separate from the Pension Sub-Committee, and responsible for assisting Dundee City Council (as Scheme Manager) in relation to securing compliance with the 2014 Regulations and other legislation relating to the governance and administration of the Scheme, as well as the requirements of the Pensions Regulator. The Pension Board may consider any matter concerning pensions it deems relevant to the activities of the Pensions Sub-Committee in relation to its remit and role defined in the 2014 regulations.

The Pensions Board consists of an equal number of trade union representatives and employer representatives, drawn from councils and scheduled or admitted bodies within the Fund.

Under the same 2014 regulations, the governance arrangements also included the introduction of the national Scheme Advisory Board, whose role is to provide advice to the Scottish Ministers as requested, and furthermore to provide advice to the Scheme Managers or the Scheme's Pension Boards in relation to the effective and efficient administration and management of the Scheme and any Funds within the Scheme. The Scottish Public Pensions Agency (SPPA) is responsible for maintaining the rules of the Local Government Pension Scheme in Scotland on behalf of the Scottish Ministers and is deemed a "Responsible Authority" under the terms of the 2013 Act.

In addition, the powers of the Pensions Regulator were also extended to cover standards of governance and administration in the Local Government Pension Scheme.

Internal Audit and other governance measures

Internal audit services for the Tayside Pension Fund are provided by PricewaterhouseCoopers (PwC) under the Crown Commercial Service Framework for the provision of a full internal audit service to fulfil the service requirements of annual audits. PwC's services are delivered in accordance with the Internal Audit Charter, with methodology aligned to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, and in conformance with Public Sector Internal Audit Standards (PSIAS).

In order to provide independent assurance on the overall risk management, internal control and corporate governance processes relating to the Fund, PwC undertake an annual risk assessment which informs their audit approach. Focussing on the key issues and risks, they then develop the annual plan driven by the Fund's strategic goals and associated risks. They consider the most significant risks and the control environment, as well as the areas where review would be most beneficial to the fund. Tayside Pension Fund's Annual Risk Assessment & Internal Audit Plans are approved by the Pension Sub-Committee.

Taking cognisance that Internal Audit is one of a number of sources of assurance, and in developing the risk assessment and internal audit plan, PwC also consider the following sources of assurance and reliance:

- Audit Scotland, as external auditors
- Dundee City Council Internal Audit (annual progress review)
- National Fraud Initiative

In order to conform with PSIAS which apply to all internal audit service providers within the public sector, and the Local Authority Accounts (Scotland) Regulations 2014, The Head of Internal Audit is required to provide an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework based upon, and limited to the audit work undertaken with the aim of providing reasonable assurance.

To enable this opinion to be provided, the following internal audit reviews were undertaken:

- Outsourcing & Third Party Management
- Risk Management & Regulatory Compliance

Being satisfied that sufficient internal audit work has been undertaken within the financial year to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and controls. Tayside Pension Fund received an annual opinion of general satisfaction, with no identified control weaknesses that they consider should be reported in the Annual Governance Statement. PwC, did note in their Annual Report that there were some areas of improvement in order to enhance operational adequacy and effectiveness, and these have been addressed. The Internal Audit Annual Report was presented to the Pensions Sub-Committee and all recommendations have been actioned.

The Fund takes part in the National Fraud Initiative in order to identify if fraud has been committed and pensions have been wrongly paid, and take subsequent recovery action. Occasionally incorrect

payments may be made because of genuine error and this could result in payments to pensioners being increased. This exercise therefore helps promote the best use of public funds. No significant fraud or errors were identified during this process.

Due to the continued restrictions, the annual forum for employers was not possible, however the Fund have tried to compensate by ensuring that all key reports have been made available to stakeholders at the earliest opportunity via the Fund's website. The Fund hope to reinstate annual event either face to face or virtually later in the year.

Scope of Responsibility

Dundee City Council has the responsibility for ensuring that the business of Tayside Pension Fund is conducted in accordance with the law and appropriate standards, and for ensuring there is a sound system of governance (incorporating the system of internal control) and that monies are safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is defined as continuous improvement in the way its functions are carried out.

In discharging these duties Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives) framework Delivering Good Governance in Local Government. The Local Code of Corporate Governance explains how Dundee City Council delivers good governance and this Annual Governance Statement reviews the effectiveness of these arrangements.

In addition, the Council is responsible for confirming effective corporate governance arrangements exist within its other group entities. In line with Accounts Commission guidance, including Safeguarding Public Money: are you getting it right? Following the Public Pound and Arm's Length External Organisations (ALEOs): are you getting it right?, part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

The Governance Framework

Tayside Pension Fund operates within the wider governance framework of Dundee City Council. The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It enables the Council to monitor the achievement of its planned objectives and outcomes and to consider whether those objectives and outcomes have led to the delivery of appropriate, cost-effective services, and also provides direction for stakeholder engagement and communication.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is regularly reviewed by a working group of senior officers.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented altogether or detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision and checking.

The overall control arrangements include:

- Identifying the Council's objectives in the Council Plan, Community Plan and Local Outcomes Improvement Plan (City Plan).
- Monitoring of achievement of those objectives and outcomes by the Council and senior officers.
- A systematic approach to monitoring service performance at Elected Member, senior officer and project level.

- Reporting performance regularly to Council committees.
- Three-year service plans for all service areas. Regular performance reports in relation to the service plans began to be reported to relevant Committees from November 2021.
- Performance Management Framework.
- Clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers, including temporary arrangements during the Covid 19 emergency.
- A Monitoring Officer to ensure compliance with laws and regulations.
- A Scrutiny Committee and individual Service Committees.
- Approved anti-fraud and corruption strategies including "whistle-blowing" arrangements under the Public Interest Disclosure Act 1998.
- Ethical Values Framework.
- A Corporate Integrity Group.
- Corporate Compliance Group.
- A Serious Organised Crime Group.
- Senior Officer Resilience Group.
- Council Management Team and each Service's Senior Management Teams.
- Participating in the National Fraud Initiative for sharing and cross-matching data with regular reports to Committee.
- Formal project appraisal techniques and project management disciplines.
- Setting targets to measure financial and service performance.
- Long-term Financial Outlook and Financial Strategy 2020 – 2030.
- Formal revenue and capital budgetary control systems and procedures.
- Clearly defined capital expenditure guidelines.
- A Capital Governance Group consisting of senior officers from across Council services and chaired by the Executive Director of Corporate Services.
- The Council, together with NHS Tayside have established an Integrated Health and Social Care Partnership (HSCP). The HSCP has established a governance structure and an integrated senior management structure to support delivery of its key objectives and outcomes.
- An Our People and Workforce Strategy is in place to support delivery of the Council Plan and its strategic priorities.
- A Risk Management Policy and Strategy, Corporate and Service Risk Registers, Risk Management Improvement Plan, and Covid 19 Recovery Risk Register.
- Corporate Risk Management Working Group, chaired by the Executive Director of Corporate Services as Senior Responsible Officer for risk.
- Corporate Governance Assurance Statement Group.
- Strategic GDPR (General Data Protection Regulation) Group.
- Data Protection Policy and Data Breach Management Procedure.
- The assurances provided by internal audit through their independent review work of the Council's governance, risk management and control framework.
- Chief Social Work Officer governance arrangements.
- Recovery Plan from Covid 19 emergency for the Council and its Services.

Review of Effectiveness

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services and consider comments made by external and internal auditors and other review agencies and inspectorates and prepare actions plans as appropriate.

The effectiveness of the governance framework is reviewed annually by a working group of senior officers. The 2021/22 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 98% (2020/2021: 97%) compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition, Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved the completion of a 74-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and

Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; and Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 91% for 2021/2022 (2020/2020: 90%).

Over and above the Internal Audit Service delivered by PwC, the Council's Internal Audit Service also operates in accordance with the Public Sector Internal Audit Standards and reports functionally to the Scrutiny Committee. Conformance with the PSIAS has been confirmed independently, through the completion of a formal External Quality Assurance process. Internal Audit undertakes an annual programme of work, which is reported to the Scrutiny Committee. The Senior Manager – Internal Audit provides an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. The overall audit opinion, based on the above, is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2022.

The Executive Director of Corporate Services complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance. The Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019).

Impact of Coronavirus Pandemic on Corporate Governance

The Covid-19 emergency has impacted on all areas of society and on all aspects of normal daily life, particularly since the implementation of the first national lock-down on 23 March 2020. These impacts were severe and are likely to continue until there is a full recovery. All levels of government have acted to support and protect the most vulnerable citizens, local businesses, key suppliers and the third sector during this challenging and unprecedented time. This action seeks to maintain resilience during this crisis and ensure that people and organisations emerge from the crisis in the best possible shape.

Tayside Pension Fund followed guidance issued by the Pensions Regulator in order to provide the most appropriate response to employers and members who have been impacted. These actions sought to maintain resilience and ensured that the Fund's members and employers are well supported in order to emerge from this crisis.

- Conducting the Annual Governance Review during the Coronavirus Pandemic

With significant organisational disruption, conducting the annual review has been challenging, and the following have been used to ensure a meaningful but focused review:

- Self-assessment review has been conducted by each Council Service, and progress will be updated before final review of the Annual Governance Statement in the Audited Accounts.
 - Existing reports, reviews and assessments have been used where possible to provide assurance.
- Reflecting the challenges from Coronavirus in the Annual Governance Statement

The Annual Governance Statement (AGS) assesses the governance arrangements in place for 2021/2022 and provides conclusion on whether or not governance is fit for purpose in relation to normal operations. As the entire financial year has been affected by coronavirus, the AGS is required to reflect the circumstances at the time of publication and therefore, it should be recognised that coronavirus has impacted on governance arrangements since March 2020 and continues to do so up to the time of publication and is expected to continue for some time. As the pandemic progressed into 2021/2022 the impact reduced but the council continued to take steps to ensure adherence to all Scottish Government advice to remain Covid-19 safe for Elected Members, employees, service users and members of the public.

- Leadership

A corporate level Incident Management Team (IMT) was established at the outset to consider the challenges and the Council's responses, including instigating the corporate level business continuity plan, supported by individual project and service level plans. At the start of the emergency the IMT

communicated daily briefing updates to employees but as the situation has progressed the frequency of communications to staff has reduced accordingly. In addition, service area management team meetings were held regularly with further detailed communications to service employees, including updates on the situation, details of the actions being taken and guidance for safe working practices. Regular briefing meetings were also held with political group leaders to ensure they were kept up to date with the impact and response to the crisis.

In a very short space of time the Council had to move rapidly to support an environment whereby the majority of its staff required to work from home or from alternative premises. In the space of a few days the Council moved from a position where 25% of IT consuming staff worked remotely to having 75% of those working remotely. This access has been achieved with no degradation in performance and, crucially, no weakening of security whilst maintaining the same method of operation for staff they would experience in the office. Having a reliable IT platform which immediately enabled remote working allowed the council to respond to the new requirements. Tayside Pension Fund has been continuing to deliver services remotely with all staff homeworking from the outset of the pandemic.

- Decision Making Processes

The impact of the coronavirus affected the governance arrangements of the Council and its services, and there will be some aspects experienced by all service areas, for example changes to the Council's decision-making arrangements and the conduct of meetings were introduced in March 2020 following a meeting with senior Elected Members on 19 March 2020.

Alternative governance arrangements for full committee meetings were implemented as soon as practical thereafter, with the introduction of virtual Council committee meetings commencing in June 2020, the first meeting of the Tayside Pension Fund Sub-Committee and Pension Board was in September 2020. A return to the full scheduled timetable of committee meetings followed during August 2020.

Enhanced transparency has also been achieved by the recording and publishing of Committee meetings on the Council website from 24 August 2020.

- Local Response and Risk Management Arrangements

Other aspects affected by the coronavirus crisis reflect changes to the organisation's priorities and programmes. These fall into the following broad categories:

- Impact on business as usual in the delivery of services;
- Increased demand for certain Council services;
- New areas of activity as part of the national response to coronavirus and any related operational and governance issues
- The funding and logistical consequences of delivering the local government response;
- Assessment of the longer-term disruption and consequences arising from the coronavirus pandemic, e.g. some existing projects and programmes may have been put on hold, new priorities and objectives introduced, new risks identified or existing risks escalated. The Council has formulated a Recovery Risk Register (Report 193-2020) and a Recovery Plan (Report 185-2020), with a subsequent progress update reported in May 2021 (Report 157-2021), and will continue to review and update these regularly in response to changing circumstances;
- The Scrutiny Committee in September 2020 considered three Audit Scotland reports on Covid 19 issues, Covid 19 Guide for Audit and Risk Committees (Report 213-2020), Covid 19 Emerging Fraud Risks (Report 214-2020), and Covid 19 Implications for Public Finances in Scotland (Report 221-2020). The Scrutiny Committee in September 2021 considered the annual Audit Scotland report, Local Government in Scotland Overview for 2020/2021 (Report 267-2021) which provides an overview of the wider challenges which have been facing councils in tackling the Covid-19 pandemic.
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The responses to the pandemic are being continually considered at a Council and regional level. By the time the crisis is over the Council may have conducted or be in the process of reviewing lessons learnt from its response. This review has been added as a suitable area for inclusion as one of the organisation's significant governance issues and has been included as an improvement area.

Dundee City Council is working closely with partners across the city to deal with the impact of Coronavirus. Officers are monitoring the local situation daily and following the advice given by Scottish Government, UK Government (where appropriate) and NHS public health experts. The Council continues to consider appropriate actions based on the national guidance.

Continuous Improvement Agenda

The following are service improvements specific to Tayside Pension Fund achieved during 2020/21:

| Business Area | Item | Description | Status / Information |
|----------------------|------------------------------|---|--|
| Finance & Governance | Employer Support | Review of Funding Strategy to support employers requiring to exit the fund | Revised strategy approved in June 2021 following employer consultation |
| | Employer Cessation Valuation | Issue employers with cessation value of liabilities as at date of triennial valuation as advised by actuaries | Issued in 1 st quarter of financial year |
| Investment | Investment Strategy | Implementation of recommendations to amend investment strategy | Revised strategy approved in December 2021 with transitions being made in line as appropriate in relation to market conditions |
| | Active Stewardship | Membership of Climate Action 100 | Achieved in 1 st quarter of financial year |
| Administration | Pension System | Rollout of new functionalities for employers & members | Phased roll out completed in financial year |

Review of a number of policies has been undertaken as follows:

- Annual Governance & Governance Compliance Statement
- Environmental, Social and Corporate Governance Policy
- Treasury Management Policy & Strategy
- Statement of Investment Principles
- Funding Strategy Statement
- Administration Strategy
- Communications Policy

The following new policies were introduced over the year:

- Overpayments Policy
- Procurement Policy

The following are service improvements specific to Tayside Pension Fund planned for 2022/23:

| Business Area | Item | Description | Status / Information |
|----------------------|---------------------------------------|--|--|
| Finance & Governance | Employer contributions | Changes required following review to assess adequacy of design and operating effectiveness of key controls supporting the employer contributions process | |
| | Business resilience | Action of requirements following review of processes and controls in place | |
| | Employer Covenant | Employer engagement following outcome of review undertaken 2019/20 with aim of implementing recommendations | Covenant exercise findings will be reviewed following impact of Covid, and engagement will then be undertaken by PwC |
| | Admission Agreements | Standardisation of admission agreements | Exercise has been delayed due to Covid, but will coincide with covenant exercise |
| | TPR New Consolidated Code of practice | Action of requirements following advisory review to assess compliance with the new consolidated code of practice, highlighting any potential gaps | |
| | Pensions Dashboard | Action of requirements following advisory review to assess readiness | |
| Investment | Investment Strategy | Implementation of recommendations to amend investment strategy | Transitions to be made as appropriate in relation to market conditions |
| | TCFD | Commence reporting per requirements | Required from December 2022 |
| Administration | GMP Rectification | Comparison exercise between reconciled GMP data and the current pensioner payroll data. | Following this exercise, the Fund will contact all identified pensioners affected to advise them of actions taken |
| | Changes to legislation | Analysis of records and plan to be developed & implemented to enable changes to legislation in relation to discrimination are implemented | Full exercise to be complete on effective date of legislation |

Information on the Fund is available from the following links:

Minutes of Joint Pension Sub-Committee and Pension Board meetings – http://www.dundee.gov.uk/minutes/meetings?in_cc=35&in_dat=1

Fund Website - <http://www.taysidepensionfund.org/tayside-pension-fund/about-us/forms-and-publications>

- The Statement of Investment Principles, concerning the approach to the investment of the fund
- The Business Plan, communicating the aims and objectives of the Fund for the forthcoming year
- The Treasury Management Policy and Strategy for the forthcoming year.
- The Actuary's report on the 2020 valuation
- The Funding Strategy Statement, concerning the management of the identification and management of the Fund's liabilities
- The Risk Policy & Register
- The Governance Policy Statement which sets out the Funds approach
- Environmental, Social and Corporate Governance Policy for investment.
- Pension Administration Strategy
- Communications Policy
- The Governance Compliance Statement, setting out the governance arrangements and compliance with regulations

Conclusion

The annual review demonstrates sufficient evidence that the Code's principles of delivering good governance in local government operated effectively and compliance with the Local Code of Corporate Governance in all significant respects for 2021/2022. It is proposed over 2022/2023 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance governance arrangements.

GOVERNANCE COMPLIANCE STATEMENT

1. Role and Responsibilities

Dundee City Council has statutory responsibility for the administration of the Local Government Pension Scheme ("LGPS") in respect of the three local authorities in the former Tayside area, and over 43 other large and small employers.

The main functions are:

- management and investment of scheme funds; and
- administration of scheme benefits

These functions are carried out in accordance with the Local Government Pension Scheme (Scotland) Regulations which are statutory instruments made under the Superannuation Act 1972.

Dundee City Council carries out its role as Administering Authority via:

- The Tayside Pension Fund Sub-Committee of the Policy & Resources Committee;
- Tayside Pension Fund within the Corporate Finance Section of the Councils Corporate Services Directorate.

Tayside Pension Fund also acts as a payroll agent for compensatory added years payments within the Teachers Superannuation Scheme.

2. Delegation

The function of maintaining the Tayside Pension Fund is delegated by Dundee City Council to its Tayside Pension Fund Sub-Committee. The Fund's policy documents are available at:

<http://www.taysidepensionfund.org/about-us/forms-and-publications.aspx>

3. Terms of Delegation

The terms, structure and operational procedures of delegation are set out in the report to Dundee City Council's Policy & Resources Committee on 9th February 2015. The report is available at:

<http://www.dundee.gov.uk/reports/reports/447-2014.pdf>

4. Committee Meetings

Regular meetings of Tayside Pension Fund Sub-Committee are held quarterly. Committee meeting dates are listed in the Council Diary which is available at:

<https://www.dundee.gov.uk/service-area/corporate-services/democratic-and-legal-services/minutes-meetings-and-reports>

5. Representation

The Tayside Pension Fund Sub-Committee is comprised solely of elected members of Dundee City Council. Employing authorities and scheme members are represented by Tayside Pension Fund Pension Board.

6. Compliance

The following demonstrates the assessment to the extent that the Fund is in compliance with guidance given by Scottish Ministers and, to the extent that it does not so comply, the reasons for not complying:

GOVERNANCE COMPLIANCE STATEMENT

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
|--|---|--|----------|
| Structure | | | |
| <p>The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.</p> | <p>Principal responsibility for the administration of benefits and strategic management of fund assets rests with the Pension Sub-Committee of the Policy & Resources Committee of Dundee City Council as the scheme manager for Tayside Pension fund. Report 447-2014 Review of Governance Arrangements – Tayside Pension Fund states:</p> <p><i>Tayside Pension Fund is administered by Dundee City Council as the administering authority with responsibility for the management of pension investment delegated to the Tayside Pension Sub-Committee with day to day operational matters further delegated in the main to the Director of Corporate Services.</i></p> <p>The responsibilities to be discharged by the Committee include:</p> <ul style="list-style-type: none"> • Preparing, maintaining and publishing the Governance Compliance Statement. • Ensuring that the Scheme Manager complies with the Local Government Pension Scheme (Scotland) Regulations and all other legislation governing the administration of the Fund. • Preparing, maintaining and publishing the Funding Strategy Statement. • Preparing, maintaining and publishing the Pensions Administration Strategy. • Ensuring the Fund is valued as required and receiving and considering reports on each valuation. • Ensuring appropriate arrangements for the administration of benefits are in place. • Setting the admissions policy. • Preparing, maintaining and publishing the Communication Policy Statement. • Ensuring appropriate AVC arrangements are in place. • Preparing, maintaining and publishing the Statement of Investment Principles. - Setting the investment objectives and policy and the strategic asset allocation in the light of the Fund's liabilities. • Appointing, dismissing and assessing the performance of investment managers and custodians. • Preparing, maintaining and publishing the Corporate Governance Policy • Ensuring appropriate arrangements for the Local Pension Board are in place and maintaining and publishing information about the Pensions Board. • Approving the Business Plan. • Ensuring that an effective system of internal financial control is maintained. • Receiving and agreeing the Annual Report and Accounts. • Ensuring that contributions received are in accordance with the Schedule of Rates and Adjustments. | <p>Yes</p> | |

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
|--|---|--|----------|
| | <p>The Committee reviews the role and responsibilities of service providers to the Fund. The actions of the Committee are reviewed and scrutinised by the Local Pension Board.</p> | | |
| | <p>Dundee City Council, as Scheme Manager, has established a Local Pension Board. Report 447-2014 Review of Governance Arrangements – Tayside Pension Fund states:</p> <p><i>Dundee City Council as Scheme Manager is required to establish a Pension Board separate from the Tayside Pension Fund Investment Sub-Committee that acts as the Scheme Manager.</i></p> <p><i>The Pension Board is the body responsible for assisting the Scheme Manager in relation to securing compliance with the 2014 Regulations and other legislation relating to the governance and administration of the Scheme and the requirements of the Pensions Regulator.</i> <i>The Pension Board may consider any matter concerning pensions it deems relevant to the activities of a Pensions Committee including the following (in relation to their remit and role defined in the 2014 regulations):</i></p> <ul style="list-style-type: none"> • <i>Reports produced for the Pensions Sub-Committee</i> • <i>Requisition reports from the scheme managers on any aspect of the fund</i> • <i>Monitor investments and the investment principles/strategy/guidance</i> • <i>The fund annual report</i> • <i>External voting and engagement provisions</i> • <i>Fund administrative performance</i> • <i>Actuarial reports and valuations</i> • <i>Funding policy</i> • <i>Any other matters that the Pension Board deem appropriate</i> | | |
| <p>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.</p> | <p>Membership of the Pension Sub-Committee comprises of six councillors from Dundee City Council with voting rights.</p> <p>Membership of the Pension Board will consist of equal numbers of trade union representatives and employer representatives, drawn from councils and scheduled or admitted bodies in membership of the fund. Pension Board representatives must not also participate in or act as members of the Pensions Sub-Committee. Local Authority employer representatives will normally be Elected Members serving as part of the Council.</p> <p>There are 4 employer representatives appointed by the respective employer</p> | <p>Yes</p> | |

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
|---|---|--|----------|
| | <p>organisations as follows: Councils 2 (1 x Angus Council, 1 x Perth & Kinross Council) Scheduled & Admitted bodies 2</p> <p>There are 4 trade union representatives appointed from the following trade unions: GMB 1 Unite /UCATT 2 UNISON 1</p> <p>Advisors to the Pension Board may attend meetings of the Pension Board in a non-voting capacity.</p> | | |
| <p>That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</p> | <p>Meetings of the Pension Sub-Committee and Pension Board are joint and concurrent with administered by Dundee City Council as the administering authority. Report 447-2014 Review of Governance Arrangements – Tayside Pension Fund states:</p> <p><i>While the statutory roles and function of the Pensions Sub-Committee and Pension Board are separate, the normal practice will be that both bodies will meet at the same time to consider the same agenda, with the Chair of the Pensions Sub-Committee chairing the concurrent meeting. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.</i></p> | Yes | |
| <p>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.</p> | <p>All members of the Pension Sub-Committee are members of the Dundee City Council Policy & Resources Committee.</p> | Yes | |
| | <p>The membership of the Committee and Local Pension Board is independent of one another, as provided for in the Regulations, as it is believed that separate membership is preferable for the discharge of their statutory duties.</p> | | |
| | <p style="text-align: center;">The Scheme of Delegations to the Fund's Officers</p> <p>The Council's Scheme of Delegations authorises the Chief Executive, Corporate Directors and Officers authorised by them to exercise the powers and carry out the duties arising from the functions for which they are responsible.</p> | | |

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
|----------------------|--|--|----------|
| | <p>The authorised Officers are the Executive Director of Corporate Services, The Head of Corporate Finance and the Senior Financial Services Manager.</p> <p style="text-align: center;">Procurement Procedures</p> <p>Procurement of works, goods or services on behalf of the Fund is required to comply with guidelines provided by Dundee City Council as scheme manager and in line with national frameworks.</p> <p style="text-align: center;">The Fund's Officers</p> <p>The main duties of the Officers are set out below. The Officers will:</p> <ul style="list-style-type: none"> • Advise the Committee and Local Pension Board on all matters which they need to be aware of in order to discharge their responsibilities in relation to the administration and investment of the Fund. • Prepare the Budget and Service Plan. • Maintain the system of internal financial control. • Prepare the Annual Report and Accounts. • Manage the triennial and interim actuarial valuations. • Manage the preparation of the Funding Strategy Statement. • Manage the preparation of the Governance Compliance Statement. • Manage the preparation of the Communication Policy Statement. • Manage the preparation of the Pensions Administration Strategy. • Ensure that the Pensions Service adheres to best practice. <p>In relation to the investment of the Fund, the Officers will:</p> <ul style="list-style-type: none"> • Review the content of the Statement of Investment Principles. • Review the content of the Environmental, Social and Corporate Governance Policy. • Monitor developments that may affect the approach to the investment of the Fund. • Monitor the investment management structure and arrangements in order to verify that the investment policy of the Committee is being implemented. • Monitor the investment managers in order to maintain an awareness of their investment views and strategies and to verify that the strategies being implemented are in accordance with investment mandates. • Maintain records that monitor the investment performance of investment managers and the Fund. • Maintain a record of the Fund's assets. • Monitor the security and efficiency of the custodians in order to verify that the assets are secure, the custodians' records of the Fund's assets agree with in house records and managers' records and the custodians' actions are in accordance with the agreements. | | |

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
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| | <ul style="list-style-type: none"> • Manage cash flow, allocate money between investment managers in order to ensure that the Fund does not become over or under invested and invest the residual cash balances. <p>In relation to the administration of benefits, the Officers will:</p> <ul style="list-style-type: none"> • Monitor developments that may affect the administration of benefits. • Promote membership of the Fund. • Manage the admissions policy. • Collect and reconcile the employer and employee contributions. • Pay pension benefits. • Maintain records in relation to the entire membership. • Devise and implement training, consultation and communication strategies for the employers. • Devise and implement consultation and communication strategies for the members. • Manage the AVC arrangements. | | |
| Representation | | | |
| <p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. 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) where appropriate, independent professional observers; and</p> | <p>The Pension Sub-Committee includes 6 councillors from Dundee Council. The Pension Board has 2 employer representatives of employing authorities and 2 of admitted employers.</p> <p>The Pensions Board has 4 Trade Union representatives who represent all scheme members (including deferred and pensioner scheme members) as required by regulation.</p> <p>The External Investment Advisor, Isio Ltd, attend annual Committee meetings. The Actuary, Barnett Waddingham, attends Committee meetings as required.</p> | <p>Yes</p> <p>Yes</p> <p>Partial</p> | <p>There has been no request to appoint further</p> |

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
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| iv) expert advisors (on an ad-hoc basis). | | Partial | independent observers or advisors |
| 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>All members of the Committee are treated equally in terms of access to papers, meetings and training. They are given full opportunity to participate and contribute to the decision-making process as appropriate and required.</p> <p>All members of the Local Pension Board are treated equally in terms of access to papers and meetings, training and are given full opportunity to participate in their decision-making process.</p> | Yes | |
| Selection and Role of Lay Members | | | |
| 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. | <p>Members are made aware of the full details of status, role and function prior to selection and appointment. This area is also covered in their training program.</p> <p>Local authority members are subject to the code of conduct of their respective council. The trade union and employer representatives are required to agree to accept the same code of conduct applicable to their role and duties to Tayside Pension Fund.</p> | Yes | |
| 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 related to specific matters on the agenda | Declaration of interests is a standard procedure at the start of all Pension Sub-Committee and Pension Board meetings. This is stated at the start of each agenda, and any declarations are noted in the minutes. | Yes | |
| Voting | | | |
| The policy of individual administering authorities on voting rights is clear and transparent, including the | All Pension Sub-Committee members have voting rights. This is detailed in the Tayside Pension Funds Statement of Investment Principles. | Yes | |

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
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| justification for not extending voting rights to each body or group represented on main LGPS committees. | Each member of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will have the final casting vote which will be reported to the Scheme Manager. | | |
| Training / Facility Time / Expenses | | | |
| 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. | <p>All new members of the Pension Sub-Committee are offered training by officers. Further training is offered periodically, generally from investment consultants, investment managers of the fund and actuaries. In addition, if other training opportunities are identified, including attendance at conferences and seminars, these are offered to members, as appropriate.</p> <p>Costs and expenses incurred are met by the Pension Fund.</p> <p>The Scheme Manager recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.</p> <p>The Scheme Manager is using the following to promote:</p> <ul style="list-style-type: none"> • CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills • CIPFA Pensions Panel Framework for Elected Members and Non-Executives in the Public Sector to use as the basis of the Training Policies and Programmes. • CIPFA Pensions Panel Technical Knowledge and Skills Framework for Local Pension Boards <p>Training programmes are undertaken that reflect specific needs, and which include the appropriate requirements of the Pensions Regulator's Codes of Practice.</p> <p>Costs and expenses incurred are met by the Pension Fund.</p> | Yes | Continuous training programme in line with needs. New Committee & board members will undergo training accordingly |
| 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. | Training requirement is applicable to all members of the Pension Sub-Committee and Board. | Yes | |
| That the administering authority considers the adoption of annual training plans for committee members and maintains a | Training programmes are undertaken to reflect specific needs, and which include the appropriate requirements of the Pensions Regulator's Codes of Practice. The training programme is reviewed regularly and members of the Sub-Committee and Pension Board assess their individual requirements. | Yes | |

| Compliance Principle | Arrangements in Place/Action Taken | Compliance with Principle? Yes/No/Partial | Comments |
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| log of all such training undertaken. | | | |
| Meetings (Frequency/Quorum) | | | |
| That an administering authority's main committee or committees meet at least quarterly. | <p>The Pension Sub-Committee and Pension Board have a regular quarterly joint meeting at which it considers investment and administration matters. Additional meetings are called should any aspect of the Fund require.</p> <p>Both the Pension Sub-Committee and Pension board require 3 members apiece to be quorate. If the Pension Board fail to achieve required membership, the Pension Sub-Committee meeting will continue.</p> | 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 Pension Sub-Committee and Board meet jointly on a quarterly basis. | 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. | Employer Forum for scheduled and admitted bodies is held annually, including presentations on topical subjects. | Yes | |
| Access | | | |
| 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 | Subject to the management of any conflict of interest, all members are treated equally in terms of access to committee papers, documents and advice. | Yes | |

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| falls to be considered at meetings of the main committee. | | | |
| Scope | | | |
| That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements. | The agendas include reports on training, admission agreements, policies on discretions, pensions administration, regulatory changes, budget monitoring, local performance indicators, the service plan, internal and external audit, valuation issues, the funding level, the asset value and asset allocation, proposals to develop the investment management structure, investment performance at Fund and manager level. | Yes | |
| 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. | Governance Policy Statement was approved in May 2009, following consultation with all employers. The governance arrangements may be viewed on the Fund's website at: http://www.taysidepensionfund.org/about-us/forms-and-publications.aspx | Yes | Governance Policy Statement and Governance Compliance Statement are available on the Council website. |

