



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>17 November 2014</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Pension Fund Governance Matters</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Effective control over Council Activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.</b>
<b>Report of:</b>	<b>Jonathan Hunt</b> <i>Director of Corporate Finance and Investments</i> <a href="mailto:jonathanhunt@westminster.gov.uk">jonathanhunt@westminster.gov.uk</a> <b>020 7641 1804</b>

## **1. Executive Summary**

- 1.1 This report presents the revised terms of reference for the now called Pension Fund Committee, an update on the Pension Board requirements and the Stewardship Policy.

## **2. Recommendation**

- 2.1 The Committee is asked to approve the Corporate Governance Policy, subject to any amendments discussed in this paper and at the meeting
- 2.2 The Committee is asked to note the revised Terms of Reference for the Committee and the current status of the Pension Board requirements.

## **3. Stewardship Policy**

- 3.1 The Stewardship Policy was last presented to the Committee in March, and since then there have been changes to both the fund structure arrangements as well as to certain nomenclature. While these changes are not material, it would be appropriate to reflect such changes into the Policy. The current draft of the Policy is attached as Appendix 1.

- 3.2 These changes include the fact that all equity funds are now held in pooled accounts, that the Committee is now called the Pension Fund Committee and that it is the Committee that has many of the responsibilities referred to in the current draft rather than the Council.
- 3.3 Subject to any further comments the Committee may have, Officers intend to circulate a final version (taking into account the comments above) to the equity fund managers for their comment and then to make the report available on the Fund's internet website.
- 3.4 If the equity fund managers come back with any material comments, the Director of Corporate Finance and Investment will discuss with the Chairman whether such comments should be incorporated into the Policy before publication. Non-material comments made by the equity fund managers will be considered by Officers.

#### **4. Committee Terms of Reference**

- 4.1 Following discussions with the Chairman, Officers proposed a revised Terms of Reference for the Superannuation Committee to a recent meeting of the General Purposes Committee (5 November), which was then approved at a Full Council meeting on 12 November. The revised Terms of Reference are attached as Appendix 2 as a markup against the Terms of Reference to date.
- 4.2 The current Terms of Reference were last reviewed in 2008 and there have been significant changes in the way the pension fund business in the Council has developed since then.
- 4.3 The changes proposed reflect more accurately the matters the Committee now cover in the wider pensions area and enable any successor Committees or Officers to have a better understanding of their respective remits and to have a greater degree of alignment across Tri-borough. This last point should enable a greater degree of discussion between the Tri-borough Committee Chairmen where it is appropriate and relevant – given the degree of commonality in some areas between the three funds.
- 4.4 The name of the Committee has been Superannuation Committee for very many years. However, Superannuation is much less used now as a word than it was, and is not really a term in common parlance. So as to make the title of the Committee understood to all, and to keep the title current, it was agreed that the Committee be re-named the Pension Fund Committee.

#### **5. Update on Pension Board**

- 5.1 Since the Committee last discussed this matter in September, there has been a further release of a consultation document from the Department for Communities and Local Government. However, the consultation remains very light on the detail around the function and purpose of this Pension Board. A copy of the current consultation may be found at:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations-2014-better-governance-and-improved-accountability>

- 5.2 One clarification that has arisen, however, is that Councillors may now be members of the Pension Board as long as they do not have any direct involvement in the running of the pension fund. Such a restriction on conflict of interest also applies to Officers, thus Members and Officers with direct engagement in Pension Fund Committee discussions will be excluded.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact:**

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**BACKGROUND PAPERS:** None