

**REPORT TO: SUPERANNUATION INVESTMENT SUB-COMMITTEE
OF THE POLICY AND RESOURCES COMMITTEE - 18 MAY 2009**

REPORT ON: GOVERNANCE COMPLIANCE STATEMENT

REPORT BY: HEAD OF FINANCE

REPORT NO: 259-2009

1.0 PURPOSE OF REPORT

1.1 This report seeks approval for a Governance Policy statement for Tayside Superannuation Funds.

2.0 RECOMMENDATIONS

2.1 The Sub-Committee are asked to approve the Governance Policy Statement shown at Appendix 1.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications.

4.0 INTRODUCTION

4.1 The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 requires administering authorities to prepare a written Governance compliance stating whether they all or part of their function to a committee, Sub-Committee or office of the authority. If they do so the nature of the delegation should be stated. The statement must be published on or before 1 April 2010 and revised if there is any material change. It must be sent to the Scottish Ministers.

5.0 EXTERNAL CONSULTATION

5.1 A draft document was prepared and circulated to all bodies in the Funds plus retired member representatives.

There were 2 responses.

i) External Service Providers - clarification of who PIRC are and what they do.

Action: This has been incorporated in final document.

ii) Representation on the Superannuation Investment Sub-Committee - It was requested that one of the employee representatives should be a UNISON member from Perth and Kinross Local Authority Branch and should have the right to speak and that a member of the Branch's Retired Member's Committee should be invited to attend as an observer.

Action: There is already a UNISON employee representative on the Sub-Committee and it is open to UNISON to agree and propose an alternative representative should they wish. The employee representative is entitled to speak at Sub-Committee meetings. It is not considered that the Sub-Committee role has any impact on retired members benefits so they do not need a specific invitation. They will be entitled to attend the public part of the agenda should they wish and bodies will be notified of the dates of all meetings. It was requested the fund complies with EU Pensions Directive 41/2003.

Action: This has been incorporated in final document.

6.0 POLICY IMPLICATIONS

6.1 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.

7.0 CONSULTATION

7.1 The Chief Executive, Depute Chief Executive (Finance) and Depute Chief Executive (Support Services) have been consulted on the content of this report.

8.0 BACKGROUND PAPERS

None

**MARJORY M STEWART
HEAD OF FINANCE**

12 MAY 2009

TAYSIDE SUPERANNUATION FUNDS

GOVERNANCE POLICY STATEMENT

MAY 2009

This Statement documents the governance arrangements for the pension schemes administered by Dundee City Council.

The Administering Authority and the Regulatory Framework

Dundee City Council is the administering authority of the Local Government Pension Scheme set up for the Tayside geographic areas. The Council administers two separate funds: The Tayside Superannuation Fund and Tayside Transport Superannuation Fund.

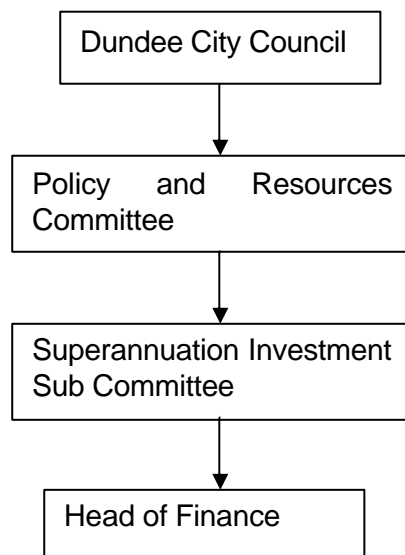
The Council administers in accordance with regulations.

The Scottish Public Pensions Agency is responsible for regulating the Local Government Pension Scheme in Scotland.

The Government Actuary's Department is responsible for providing guidance on the application of the Regulations.

Where relevant, the Fund will comply with EU Pension Directive 41/2003 on the activities and supervision of institutions for occupational retirement provision.

The Fund's governance structure is shown graphically below:



DUNDEE CITY COUNCIL FINANCIAL REGULATIONS

The following is an extract from the approved financial regulations relating to Superannuation Funds:

- The Policy and Resources Committee (or delegated Sub-Committee) shall be responsible for the supervision and control of the Tayside Superannuation Fund and the Tayside Transport Superannuation Fund, including the review of investments and the investment of new funds. This will include ensuring full compliance with the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 1998.
- The Policy and Resources Committee shall provide a full remit to the Superannuation Sub-Committee detailing the powers delegated to it regarding the supervision and control of the operations and investments of the Superannuation Funds.
- The Head of Finance shall ensure the proper and safe custody of the Superannuation Funds investments.
- The Head of Finance shall provide regular reports to the Superannuation Investment Sub-Committee (including quarterly review of performance) on all areas covered by its remit.
- The Head of Finance shall ensure that in respect of the Superannuation Funds all expenditure is in accordance with the conditions of the Policy and Resources Committee (or delegated Sub-Committee) and all income is correctly received.

SUPERANNUATION INVESTMENT SUB-COMMITTEE

On 8 March 2004 the Policy and Resources Committee approved the under-noted revised remit:

- Monitor investment performance of Fund managers;
- The review of investments and managers;
- The review of asset allocation in light of the Funds' maturity profiles;
- The investment of new funds at the disposal of the Council;
- Ensuring appropriate custody arrangements are made for all Funds' assets;
- Approving the Funds' Statement of Investment Principles at least annually and ensuring ongoing compliance with this;
- Monitoring the managers' implementation of the Funds Socially Responsible Investment policy;
- Approving and reviewing the Funds' annual Business Plan;
- Arranging the appointment of external advisers as required and
- Considering any other matters which may affect the management or value of the Funds' investments.

All other operating arrangements remain unchanged.

The Superannuation Investment Sub-Committee consists of six elected members of Dundee City Council and three observer employee representatives.

EXTERNAL SERVICE PROVIDERS

Barnett Waddingham has been appointed to act as Actuary to the Funds. The services provided include advice on funding and actuarial valuations.

Hymans Robertson are the Funds investment consultant.

A number of investment managers have been appointed. They have responsibility for the selection, retention and realisation of individual investments. Where appropriate, they also implement the Committee's policy on socially responsible investment.

The Fund has appointed a global custodian Northern Trust to hold the Funds' assets. The custodian is responsible for the safekeeping of the assets including processing dividends and corporate actions and making tax claims.

The fund has appointed Northern Trust to measure and report on the performance and risk of individual portfolios and the overall Funds.

Pension Investment Research Consultants Ltd (PIRC) have been appointed to provide voting recommendations to managers in line with the policy on socially responsible investment. PIRC is an independent research and advisory consultancy on corporate governance and corporate social responsibility. More information on their services is available from their website www.pirc.co.uk.

Dundee City Council, including the Tayside Superannuation Funds, is subject to external audit. The auditors are Audit Scotland. This helps to ensure that public funds are properly safeguarded and accounted for.

Dundee City Council provides an internal audit service which Covers Pension Investment and Administration at regular intervals.

ACCESS TO INFORMATION

Committee papers and minutes are publicly available on the Council's website.

Annual Report and Accounts are produced including investment performance and accounting information. The Report and Accounts comply with the Local Authority and Pensions Statements of Recommended Practice (SORPs) as far as practical.

Copies of the Report and Accounts are issued to all employers participating in the Tayside Pension Fund. A summary of the Report and Accounts is provided to all pension fund members and full copies are available on request.

The Report and Accounts and all policy documents will be available on the Funds' website www.dundee.gov.uk/pensions.

An employer seminar, to which all employers are invited, is held every year. Additional meetings with employers are held throughout the year, including user groups, training events and one to one meetings to cover administration issues.