

Croydon Council

REPORT TO:	PENSION COMMITTEE 2 December 2014
AGENDA ITEM:	9
SUBJECT:	A Review of the Governance Context for the Pension Committee
LEAD OFFICER:	Director of Finance and Assets (Section 151 Officer)
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: there are strong links between good governance and better investment decisions.	
FINANCIAL SUMMARY: The cost of this session is £2,500 and will be covered by the Framework Agreement with AON Hewitt and is chargeable to the Pension Fund.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATIONS

- 1.1 The Committee is asked to note this report.

If the

2. EXECUTIVE SUMMARY

- 2.1 This report provides an overview in summary of the issues relating to governance with which the Committee needs to be aware.

3. DETAIL

- 3.1 In preparation for undertaking a review of the asset allocation strategy for the Pension Fund the Committee needs to be confident of its understanding of matters relating to the assets that comprise the Fund, the liabilities of the Scheme, both current and future, and the governance arrangements underpinning decision making. Appended to this report is an overview, drafted by AON Hewitt, the Scheme's professional investment advisors, of the critical issues relating to governance.

- 3.2 There are six areas of knowledge and skills that have been identified as the core technical requirements for those working in public sector pensions finance. The first of these relate to the pensions legislative and governance context. The Council is required to report on the training of elected representatives within its governance compliance statement. For the purpose of reporting governance is defined as the action, manner, or system of governing. The CIPFA guidance maintains that good governance in the conduct of business by a pension scheme administering body is promoted by having members on the decision-making body who have the ability, knowledge and confidence to question and challenge the information and advice they are given and to make effective and rational decisions.
- 3.3 As well as being concerned with the processes by which the Pension Committee arrive at decisions the attached document considers how the Scheme's professional advisors ensure that their advice is robust and the importance of having the right advisors, with access to research capabilities, experienced and appropriately qualified staff and internal structures, checks and controls sufficient to provide confidence for the Committee. The importance of transparency in decision making and managing conflicts of interests is also covered.

4. RECOMMENDATIONS

- 4.1 To note the overview and presentation by the Fund's investment advisors.

5 FINANCIAL CONSIDERATIONS

- 5.1 The cost of this session is £2,500 will be covered by the Framework Agreement with AON Hewitt and is chargeable to the Pension Fund.

6. OTHER CONSIDERATIONS

- 6.1 Other than the considerations referred to above, there are no customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 7.1 The Council Solicitor comments that there are no direct legal implications arising from this report.

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer.)

CONTACT OFFICER: Nigel Cook, Head of Pensions and Treasury,
Chief Executive's Department, ext. 62552.

BACKGROUND DOCUMENTS: CIPFA Pensions Finance Knowledge and Skills Framework – Technical Guidance for Elected Representatives and Non-Executives in the Public Sector