

## **Governance Compliance Statement**

### **1. Introduction**

- 1.1 The Governance Compliance Statement has been prepared in accordance with the Local Government Pension Scheme Regulations 2013 (Regulation 55) and its predecessor, Regulation 31 of the Local Government Pension Scheme Regulations 2008 (as amended).
  
- 1.2 City of Bradford Metropolitan District Council, as administering authority for West Yorkshire Pension Fund (WYPF), has delegated legal and strategic responsibility for WYPF to the Governance and Audit Committee. The Council has established three bodies to assist and support the Governance and Audit Committee in overseeing the Fund, namely the WYPF Pension Board, WYPF Investment Advisory Panel and the WYPF Joint Advisory Group. Under the Council's Financial Regulations, the Director – West Yorkshire Pension Fund has day to day responsibility for the management of the Fund. The Director of Finance at Bradford Council, as the Council's Section 151 Officer, has responsibility for signing the Fund's year-end accounts.

### **2. Governance and Audit Committee**

- 2.1 The Governance and Audit Committee shall comprise of five members. Either the Chair or Deputy Chair of the Committee shall not be a member of the Executive but at least one member shall also be a member of the West Yorkshire Pension Fund Joint Advisory group and/or Investment Advisory Panel.
  
- 2.2 The quorum of the Committee shall be 3 members.

### **3. Roles and Functions of the Governance & Audit Committee affecting West Yorkshire Pension Fund**

- 3.1 The functions of the Committee affecting West Yorkshire Pension Fund are to:
  1. Approve the Statement of Accounts and related documents in accordance with the Accounts and Audit Regulations 2011;
  
  2. Receive matters of a financial nature the External Audit request be considered by a member body, including any that may concern the Council's governance arrangements;
  
  3. Consider the effectiveness of the risk management arrangements, control environment and associated anti-fraud and anti- corruption arrangements;

4. Seek assurance that action is being taken on risk related issues determined by auditors and inspectors;
5. Review the financial statements, External Auditor's opinion and reports to members and monitor management action in response to the issues raised by External Audit;
6. Discharge the function contained in Part H of Schedule 1 of the Local Authorities (function and responsibilities)(England) Regulations 200 (function relating to local government Pensions) and Part 1, paragraph 48 (Maladministration Payments) including those relating to the Investment Advisory panel and the Joint Advisory Group;
7. Review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary; and
8. Consider the reports of External Audit and inspection agencies.

3.2 The minutes of meetings of the Investment Advisory Panel, Joint Advisory Group and Pension Board are submitted to the Committee.

#### **4. WYPF Investment Advisory Panel**

- 4.1 The WYPF Investment Advisory Panel (hereinafter referred to as 'the Panel') comprises of nineteen representatives. WYPF covers the geographical area of five metropolitan authorities, namely the West Yorkshire District Councils of Bradford (administering authority), Calderdale, Kirklees, Leeds and Wakefield. Each of the five West Yorkshire District Councils has two councillor representatives on the Panel.
- 4.2 The other nine representatives on the Panel comprise of three Trade Union representatives (two from UNISON and one from GMB), two external investment advisers, two scheme members, the Director – WYPF and a Chief Finance Officer from the West Yorkshire District Councils on a two year rotational basis. A facility also exists for an additional councillor representative to be co-opted onto the Panel each year in the event that one of the three largest political groups in West Yorkshire is not represented on the Panel through the ten councillors nominated by the five District Councils. The co-opted councillor will be from Bradford Council as administering authority.
- 4.3 All representatives on the Panel have equal voting rights.

- 4.4 For each municipal year a Chair of the Panel is nominated by the two Bradford Council councillor representatives on the Panel, and a Deputy Chair is elected from other members on the Panel. A Bradford councillor on the Panel will also be a member of the Governance and Audit Committee.
- 4.5 The Panel will meet at normal quarterly intervals within 6 weeks of each quarter end. The Panel may hold a 'special' meeting at any time in the year to deal with any urgent or specific areas of business.
- 4.6 The Panel has overall responsibility for overseeing and monitoring the management of WYPF's investment portfolio and investment activity.
- 4.7 In this capacity, the Panel will be responsible for formulating the broad future policy for investment. Not only will it be necessary to ensure that monies accruing to the Fund are invested to greatest advantage, it will also have responsibility for monitoring the progress of all existing investments. As with all trustees, members of the Panel should not allow their own personal interests, social, moral or political views to influence their decisions.
- 4.8 At the meetings of the Panel the overall investment portfolio will be reviewed and any necessary adjustments to the spread of investments made as well as decisions taken about the investment of new money.
- 4.9 Prior to each meeting, the Director – West Yorkshire Pension Fund will arrange to supply all members of the Panel with information to enable these tasks to be undertaken. This will include a current distribution of the assets of the Fund, schedules of all investments purchased or sold since the previous Panel meeting, and views from the Fund's external investment advisers.
- 4.10 Decisions are taken on how the new money available for the investment is to be allocated to major asset classes on the portfolio. However, the Panel having once determined the level of overall investment, the specific selection of the individual securities will be left to the discretion of the in-house investment managers.
- 4.11 The external investment advisers on the Panel will be able to guide other members of the Panel in their investment adjudication.
- 4.12 In the event of conflict of opinion arising at Panel meetings relating to any investment proposal, the proposal will be put to the vote.

- 4.13 The quorum of the Investment Advisory Panel shall be four councillor representatives who represent not less than three constituent Councils, the Director-WYPF or his/her nominee, and one external investment adviser.
- 4.14 The Governance and Audit Committee shall have the right, in accordance with Financial Regulations, to overrule any decision taken by the Panel if, in its opinion, the decision is not in the best interests of the WYPF.

## **5. WYPF Joint Advisory Group**

- 5.1 The WYPF Joint Advisory Group (hereinafter referred to as 'the Group') comprises of twenty representatives. There are three councillor representatives from each of the five West Yorkshire District Councils, three Trade Union representatives, and two Scheme members. All representatives on the Group have equal voting rights.
- 5.2 There is no set pattern for meetings of the Group, and the Group will meet on such days as they may determine.
- 5.3 For each municipal year a Chair is nominated by the Bradford Council representatives and a Deputy Chair is elected from amongst the other members of the group.
- 5.4 The Group has overall responsibility for overseeing and monitoring WYPF's Pension Administration function, and for reviewing and responding to proposed changes to the Local Government Pension Scheme. In addition the Group will approve the budget estimates for the Pension Administration and Investment Management functions of WYPF, and also received WYPF's Annual Report and Accounts.
- 5.5 The quorum of the Joint Advisory Group shall be five councillor representatives who represent not less than four constituent Councils.
- 5.6 The Governance and Audit Committee shall have the right, in accordance with Financial Regulations, to overrule any decision taken by the Group if, in its opinion, the decision is not in the best interests of WYPF.

## **6. WYPF Pension Board**

- 6.1 WYPF Pension Board was established in 2015 in accordance with the requirements of Public Service Pensions Act 2013 and in accordance with

regulation 106 of the Local Government Pension Scheme Regulations 2013.

- 6.2 The Board's role is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the LGPS including securing compliance with the Local Government Pension Scheme regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.
- 6.3 The WYPF Pension Board comprises of 8 representatives. There are four member representatives from the Trade Unions (2 from Unison, and one each from Unite and GMB) and four employer representatives (one Councillor from Bradford Council who will act as Chair, 2 other councillors from the other district Councils and one employer representative nominated from all the other employers in the Fund).
- 6.4 The Board will meet twice a year on such dates as they determine.
- 6.5 The quorum of the Board shall be three (Chair plus one employer representative and one member representative).

## **7. Annual Meetings**

- 7.1 Each Year WYPF holds an Employers' Annual Meeting and a separate Scheme Members' Annual Meeting.
- 7.2 At each Annual Meeting a keynote address is given by a 'guest speaker' on a related pension's topic. The Director- WYPF will provide an up-date on the activities of the Fund during the past year, and the Fund's two external investment adviser will provide economic and stock market data together with details of WYPF's own investment strategy and performance.

## **8. Training/Expenses/ Facility Time**

- 8.1 A bespoke training seminar is held each year for members of the Investment Advisory Panel, Joint Advisory Group and Pension Board. In addition, all members are given the opportunity to attend the annual Local Government Pensions Committee's Trustees Training Fundamentals event, which is a 3 day training course for pension fund trustees.
- 8.2 All members are provided with details of upcoming conferences/seminars/briefings that are of relevance to their work and members can opt to attend any that they feel will be of benefit to them.

- 8.3 No member or representative on the Investment Advisory Panel, Joint Advisory Group or Pension Board shall be remunerated for undertaking this role. However expenses incurred in the attending meetings, training events will be re-imbursed. The cost is met by the Fund.
- 8.4 The Trade Unions and active member representatives on the Investment Advisory Panel, Joint Advisory Board and Pension Board should liaise with their employers as to whether facility time is granted for attending meetings and training events relating to the Investment Advisory Panel, Joint Advisory Group and Pension Board.

## **9. Register of Interests**

- 9.1 All voting members of the Investment Advisory Panel, Joint Advisory Group and Pension Board must complete a Declaration of Acceptance of Office Form and annually complete a Conflicts of Interest form.