



# **London Borough of Redbridge Pension Fund**

## **Governance Compliance Statement**

## Introduction

This is the Governance Compliance Statement of the London Borough of Redbridge Pension Fund, which is administered by the London Borough of Redbridge as the Administering Authority (the Authority). The purpose of the Governance Compliance Statement is to make the administration and stewardship of the scheme more transparent and accountable to its stakeholders. It sets out the way that the Council, as an Administering Authority maintains and manages its pension fund function in accordance with regulatory requirements.

## Regulatory Framework

The Local Government Pension Scheme Regulations 1997 required Local Government Pension Scheme (LGPS) Administering Authorities to publish details of their governance and stewardship arrangements by 1 April 2006. On 30 June 2007, the 1997 regulations were further amended to require Administering Authorities to prepare, maintain and publish a statement detailing the extent of compliance against a set of principles set as detailed in the draft guidance from the then Communities and Local Government (CLG). Where an authority does not comply with these principles, they are required to state the reason for not doing so. The Authority's statement is attached at Annex 1.

The current requirements as set out in Regulation 55 of the Local Government Pension Scheme Regulations 2013 (the regulations) require that the published written governance compliance statement:

- **Must set out whether the authority delegates its functions, or part of its functions, under the Scheme regulations to a committee, a sub-committee or an officer of the authority and if it does so**
- **Must set out the terms, structure and operational procedures of the delegation, the frequency of any committee or sub-committee meetings,; and whether such committee or sub-committee includes representatives of scheme employers or members, and if so, whether those representatives have voting rights**
- **The extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying, and**
- **Details of the terms, structure and operational procedures relating to the Local Pension Board.**

# 1. Governance Compliance Statement

## 1a. Constitution

The Constitution of the London Borough of Redbridge sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The law stipulates some of these processes, while others are a matter for the Council to choose.

The Constitution sets out the framework under which the Pension Fund is to be administered. The Pension Fund Committee undertakes the management of the Pension Fund in accordance with the Committee's Terms of Reference.

The Constitution and the more detailed procedures and delegations relating to the responsibilities and operation of the Council's functions include the arrangements for the management and administration of the Council's Pension Fund. A copy of the Constitution can be obtained from the Council's website [www.redbridge.gov.uk](http://www.redbridge.gov.uk) or by writing to the Council at the address shown on page 5.

## 1b. Pension Fund Committee

The membership of the Pension Fund Committee reflects the political balance of the Council and consists of five councillors (4 Labour and 1 Conservative) who are appointed annually. All Members have full voting rights.

Membership is restricted to elected Members under the Council's Constitution.

The Corporate Director of Resources provides advice to Members of the Pension Fund Committee. In addition, advice is also provided by a number of pensions professional which includes the Fund's Actuary, an Independent Investment Adviser and the Fund's Custody Providers whose services include performance measurement.

Councillors, who are members of the pension scheme, may sit as a Member of the Committee. There are no representatives from scheme employer bodies or employee members on the Committee.

## Pension Fund Committee Terms of Reference

Under the Council's Constitution the duties and terms of reference of the Pension Fund Committee are as follows:

- To determine the Fund management arrangements, including the appointment and, if necessary, termination of the Fund Managers, Custodian and Fund Advisers,
- To monitor and review the performance of the Fund and of the individual Fund Managers, Custodian and Fund Advisers,
- To approve the Pension Fund Investment Strategy,
- To approve the Investment Strategy Statement, the Funding Strategy Statement and other policy statements,

- To review the performance of the Pension Fund investments and to endorse improvement plans where relevant,
- To review votes cast by Fund Managers at annual general and extraordinary company meetings,
- To review the development and effectiveness of the London Collective Investment Vehicle; and consider the investment opportunities that this vehicle presents for the Pension Fund,
- To receive the Pension Fund Annual Report and Accounts,
- To receive actuarial valuations of the Fund, including the report on the outcome of the Triennial Pension Fund Reviews,
- To consider other strategic issues referred to the committee by the s151 officer,
- To keep the Pension Fund governance and administration arrangements under review and to recommend changes to the Council when necessary,
- To keep under review the LGPS Regulations, Codes of Practice or guidance issued by the Pensions Regulator and the National Scheme Advisory Board ensuring compliance as applicable,
- To consider any recommendation made or views expressed by the London Borough of Redbridge Local Pension Board,
- To advise the Administering Authority on other strategic matters relating to the Pension Fund and/or management of Superannuation Fund investments.

### **1c. Local Pension Board**

The Local Pension Board comprises of two employer representatives, two employee representatives and an additional non-voting independent member in the role of Chair of the Board.

#### **Role of the Local Pension Board**

Under the Council's Constitution the statement of purpose of the Local Pension Board is as follows:

- Secure compliance with the Regulations, and other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pension Regulator in relation to the Scheme and,
- To ensure the effective and efficient governance and administration of the Scheme.

The full details of the Local Pension Board can be found on the Council's website:

<https://www.redbridge.gov.uk/pensions/local-pension-board/local-pension-board-terms-of-reference/>

## 2. Meetings

### Pension Fund Committee

The Pension Fund Committee meets a minimum of four times a year and may occasionally hold extra meetings if required. Three Members constitute a quorum.

The quarterly meetings are generally held at Ilford Town Hall. Extraordinary meetings are held when necessary. Whilst all meetings are open to the public, the discussion of some investment and fund management business is categorised as exempt from public disclosure under Part 3 of Part 1 of Schedule 12A to the Local Government Act 1972. On these occasions the public are excluded from the meeting whilst these matters are considered.

The Council will give at least five clear working days' notice of any meeting by posting details of the meeting at the Ilford Town Hall and on the Council's website. The Council will make copies of the agenda and reports open to the public available for inspection at least five clear working days before the meeting. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda. The reason for lateness will be specified in the report.

The Council will make available copies of the minutes of the meeting and records of decisions taken for six years after a meeting.

### The Local Pension Board

There are four Local Pension Board meetings held per year. Board members should endeavour to attend all Board meetings during the year. Two members constitute quorum providing that there is present at least one representative member from both the Employer and Scheme Member groups.

## 3. Management Arrangements

**Scheme Administration** – The Pension Administration team, within Human Resources and Strategy Department is responsible for the day-to-day administration of the Pension Fund. Responsibilities include membership arrangements, the calculation of benefits, and the maintenance of records for scheme members and employers. These functions are carried out in accordance with the pension regulations and Council policies.

**Scheme Discretions** – The Council has an agreed policy on the exercise of discretions available to it under the regulations. Discretions are considered and awarded on a case-by-case basis in accordance with these policies by the Corporate Director of Resources, the Operational Director of Assurance and the Operational Director of Human Resources.

Each employer body participating in the Pension Fund is required to have a policy on the exercise of discretions and are responsible for the financial implications of awarding discretionary benefits.

**Financial Standing Orders** - Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of its financial affairs and to ensure one of its officers has responsibility for this. In Redbridge the responsible officer is the Corporate Director of Resources. These standing orders set out the regulatory framework for financial

administration within the Council setting out the duties of the Corporate Director of Resources and other Directors and identifying the financial decisions which require Executive or Council approval.

The Corporate Director of Resources is responsible for ensuring that the Council's financial affairs are administered in a proper manner, in accordance with all statutory obligations, and in compliance with all professional codes of practice.

There are a number of standing orders in relation to the Pension Fund including the need for a triennial actuarial valuation.

Standing orders are reviewed as required by Constitutional Services.

**Annual Report and Accounts** - The Corporate Director of Resources is responsible for ensuring record keeping and accounts are maintained in a proper manner for the Pension Fund. The Pension Fund accounts are produced in accordance with the accounting recommendations of the Financial Reports of Pension Schemes – Statement of Recommended Practice. The financial statements summarise the transactions of the Scheme and deal with the net assets of the Scheme. The statement of accounts is reviewed by both the Pension Fund Committee and the Governance and Assurance Committee and is incorporated in the Statement of Accounts for the Council.

#### **4. Training and Development**

One of the requirements of CIPFA's Principles for Investment Decision Making is that all Members of the Pension Fund Committee have sufficient knowledge to make investment decisions and challenge the advice that they are given. This requires the Pension Fund Committee to have gained a familiarity with pension issues through a programme of training and development.

The Pension Fund Committee receives training and development in accordance with the training programme which is set out in the Pension Fund's Business Plan. Training is commissioned from a variety of sources such as:

- External courses
- Training courses delivered by Investment Consultants
- Training courses sponsored by the Investment Managers
- Training included as part of the service received from the Performance Measurement provider and Actuary
- National conferences

#### **5. Public Policy Statements**

In addition to the Governance Compliance Statement, the regulations require the Authority publish a number of policy statements relating to pension fund and administrative issues, these are:

- An Investment Strategy Statement;
- A Funding Strategy Statement;
- A Communication Policy Statement; and

- The Exercise of Discretions under the Local Government Pension Scheme regulations.

Copies of these are available from the Council's web site [www.redbridge.gov.uk](http://www.redbridge.gov.uk) or via the contact points detailed below.

## **6. Contact Points**

Any enquiries in relation to this Governance Compliance Statement should be sent to the Corporate Director of Resources.

By email to [corporate.accounting@redbridge.gov.uk](mailto:corporate.accounting@redbridge.gov.uk)

By telephone to **020 8708 3021**, or

In writing to: **Corporate Accounting, Lynton House, 255 – 259 High Road, Ilford, Essex, IG1 1NN**

## GOVERNANCE COMPLIANCE STATEMENT

The principles set out in this statement are based on the governance compliance statutory guidance published by Department of Levelling Up Housing and Communities (DLUHC formally the CLG). This guidance was issued to all administering authorities in England and Wales with statutory responsibilities under the LGPS Regulations. It deals with the compliance standards against which LGPS Committees are to measure themselves. Where compliance does not meet the published standard, there is a requirement under regulations to provide in the governance compliance statement the reasons for not complying.

	<b>PRINCIPLE</b>	<b>POSITION</b>
<b>A</b>	<p><b>Structure</b></p> <p>a. 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><b>Compliant.</b></p> <p>Duties and terms of reference are laid out in the Council's constitution and states that the management of the pension fund assets lies with the Pension Fund Committee. Day to day management of the administration of benefits of the Pension Fund is delegated to the Corporate Director of Resources</p> <p><b>Section 1 refers</b></p>
	<p>b. 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 committee</p>	<p><b>Not Compliant</b></p> <p>The Pension Fund Committee consists of elected members only.</p> <p>The Local Pension Board consists of equal representation from both employer and employee groups.</p> <p><b>Section 1 refers</b></p>
	<p>c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels</p>	<p>No secondary committee or panel has been established</p>
	<p>d. 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>No secondary committee or panel has been established</p>
<b>B</b>	<p><b>Committee Members and Representation</b></p> <p>a. That all key stakeholders are afforded the opportunity to be represented with the main or secondary committee structure. These include: -</p> <ul style="list-style-type: none"> <li>o Employing authorities (including non-scheme employers, e.g., admitted bodies);</li> </ul>	<p><b>Not Compliance</b></p> <p>Under the current constitutional arrangements of the Authority, there are no representation arrangements for employers or scheme members of the Fund to sit on the Pension Fund Committee.</p>



	<ul style="list-style-type: none"> <li>○ Scheme members (including deferred and pensioner scheme members);</li> <li>○ Where appropriate independent professional observers, and</li> <li>○ Expert advisers (on an ad-hoc basis)</li> </ul>	<p>The Local Pension Board consists of two employee representatives and two employer representatives.</p> <p><b>Section 1 refers</b></p>
<b>C</b>	<b>Selection and role of lay members</b>	<b>Compliant</b>
	a. 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	Members on the Pension Fund Committee and Local Pension Board are fully aware of their respective role on the Committee/Board.
	b. 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	<b>Compliant</b> In accordance with the Council's Constitution, Members of the Pension Fund Committee are required to declare any interest relating to the pension fund at the start of each meeting.
<b>D</b>	<b>Voting</b>	<b>Compliant</b>
	a. The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on the main LGPS committees	All Members of the Pension Fund Committee have full voting rights.  <b>Section 1b refers</b>
<b>E</b>	<b>Training /Facility Time/ Expenses</b>	<b>Compliant</b>
	a. 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	The Pension Fund Committee receive training and development in conjunction with each of the key tasks as set out in the annual Business Plan.  Members of the Local Pension Board are provided with training as required.  <b>Section 4 refers</b>
	b. That where such a policy exists, it applies equally to all members of the committees, sub-committees, advisory panels or any other form of secondary forum.	<b>Compliant</b> All members of the Pension Fund Committee and Local Pension Board have equal access to training.
	c. That the administering authority considers the adoption of annual training plans for committee members	<b>Compliant</b>

	and maintains a log of all such training undertaken.	
<b>F</b>	<b>Meetings (frequency / quorum)</b> a. That an administering authority's main committee or committees meet at least quarterly	<b>Compliant</b> The Pension Fund Committee hold a minimum of four quarterly meetings.  <b>Section 2 Refers</b>
	b. That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the committee sits.	No secondary committee or panel has been established
	c. That an administration authority who does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which interests of key stakeholders can be represented.	<b>Not compliant</b>
<b>G</b>	<b>Access</b> a. That subject to any rules in the Council's constitution, all members of the main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee	<b>Compliant</b> All Members of the Pension Fund Committee have equal access to committee papers and documents.  <b>Section 1 Refers</b>
<b>H</b>	<b>Scope</b> a. That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangement	<b>Compliant</b> Included as part of the Pension Fund Committee's Terms of Reference, the Corporate Director of Resources provides a quarterly update to Members of wider issues affecting the administration of the Pension Fund.
<b>I</b>	<b>Publicity</b> a. 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.	<b>Compliant</b> The Pension Fund Governance Compliance Statement is published on the Council's website. Scheme members and employers have the opportunity be nominated to sit as a Member on the Local Pension Board.