



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maintain and publish a statement detailing the extent of compliance against a set of principles set as detailed in the draft guidance from Communities and Local Government (CLG).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 Governance Compliance Statement is required by the provisions of Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 (the regulations).

(1) The Authority must

- **Keep the statement under review;**
- **Make such revisions as are appropriate following a material change in respect of any of the matters mentioned in paragraph 2 and**
- **if revisions are made**
- **publish the statement as revised, and;**
- **send a copy to the Secretary of State.**

(2) The matters are

- **Whether the authority delegates its function, or part of its function, in relation to maintaining a pension fund to a committee, a sub-committee, or an officer of the authority;**
- **If it does so:**
 - **The terms, structure and operational procedures of the delegation;**
 - **The frequency of any committee or sub-committee meetings;**
 - **Whether such a committee or sub-committee includes representatives of employing authorities, including authorities which are not scheme employers, or members, and, if so, whether those representatives have voting rights.**

- (c) The extent to which a delegation, or the absence of a delegation, complies with the guidance given by the Secretary of State, and, to the extent it does not so comply, the reasons for not complying.**

(3) In reviewing and making revisions to the statement, the authority must consult with such persons, as it considers appropriate.

Governance Compliance Statement

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, local libraries or by writing to the Council at the address shown on page 5.

Management Arrangements

Scheme Administration – The Revenues and Benefits Service Area 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. The Assistant Director of Revenues, Benefits and Transactional Centre meets with the Corporate Director of Resources to report on pension scheme administration matters.

Scheme Management and Investments – in accordance with the Council's Constitution the responsibility for the management and investment of the Pension Fund is delegated to the Pension Fund Committee. The Pension Fund Committee has recommended that the management of the Fund's assets be delegated to specialist investment management firms on a discretionary basis. Investment managers are appointed in accordance with the pension regulations and the Council's Standing Orders. Each investment manager is required to carry out its investment activities within the appropriate regulatory requirements and as set out in the manager's Investment Management Agreement and the Fund's Investment Strategy Statement.

Although the management of the Fund's assets have been delegated to investment managers, the Pension Fund Committee has the ultimate responsibility for the investment strategy.

Performance and management activities are monitored by the Corporate Director of Resources and reported to the Pension Fund Committee on a quarterly basis.

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 within the policies agreed. The Discretionary Payments Panel has been established to consider the award of discretionary benefits and, must have regard to the advice of the Corporate Director of Resources, and the Assistant Director of Assurance. Except where the discretionary payment is in respect of a Director or Head of Service.

Where appropriate the award of discretionary benefits is referred to the Council's Appointments Committee.

The Discretionary Payments Panel is made up of senior officers from the Finance, Legal and Human Resources Areas. Meetings are held on a monthly basis.

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 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 Legal 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.

Pension Fund – The Council has set up the Pension Fund Committee to oversee the management of the Fund's investments. The Committee consists of five local Councillors who are appointed by the Council on an annual basis. All Members have full voting rights. 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 StateStreet who provide performance measurement services.

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.

Meetings - The dates of meetings of the Pension Fund Committee are fixed in accordance with the constitution. The Committee meet a minimum of four times a year. The quarterly meetings are generally held at the offices of the Investment Managers. 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.

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 Committee'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

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 or via the contact points detailed below.

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

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 – INVESTMENT STRATEGY STATEMENT

The principles set out in this statement are based on the governance compliance statutory guidance published by 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.

Principle A: Structure

(a) The management of the administration of benefits and strategic management of fund assets clearly rest with the main committee established by the appointing council.

Compliant - The responsibility for the management and investment of the Pension Fund is delegated to the Pension Fund Committee.

(b) The representatives of participating LGPS employers, admitted bodies and scheme members (including pensioners and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.

Not compliant - There are currently no representative arrangements for employers or scheme members of the Fund under the current constitution.

(c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.

Not Compliant - Not applicable as no secondary committee has been established.

(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.

Not Compliant - Not applicable as no secondary committee has been established.

Principle B: Representation

- **That all key stakeholders are afforded the opportunity to be represented with the main or secondary committee structure. These include: -**
 - **Employing authorities (including non-scheme employers, e.g., admitted bodies);**
 - **Scheme members (including deferred and pensioner scheme members);**
 - **Where appropriate independent professional observers, and**
 - **Expert advisers (on an ad-hoc basis)**

Partial compliance - Under the current constitutional arrangements of the Authority, there are no representation arrangements for employers or scheme members of the Fund. The Corporate Director of Resources and other pension professionals that attend meetings provide advice as required.

(b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.

Compliant - Minutes from the meetings are published in the intranet and are therefore accessible by interested parties. Scheme employers are consulted on occasions concerning some specific policy statements, such as the Funding Strategy Statement. There are no lay members on the Pension Fund Committee.

Principle C: Selection and role of lay members

(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.

Compliant - Members on the Pension Fund Committee are fully aware of their role on the Committee.

(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

Compliant – 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 that is then duly noted in the minutes of the meeting.

Principle D: Voting

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 main LGPS committees

Compliant - All Members of the Pension Fund Committee have full voting rights.

Principle E: Training

• 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.

Compliant - The Pension Fund Committee receive training and development in conjunction with each of the key tasks as set out in the annual Business Plan. Training sessions are generally provided by the Investment Managers immediately after Committee meetings. Additional training is commissioned as and when required and is sourced from:

- 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

Training and development is a legitimate expense that is chargeable to the Pension Fund.

- **That where such a policy exists, it applies equally to all members of committees, advisory panels or any other form of secondary forum.**

Compliant - All members of the Pension Fund Committee have equal access to training.

(c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken

Compliant – Pension Fund training is continually reviewed and a programme is prepared and agreed as part of the annual business plan.

Principle F: Meetings

- **That an administering authority's main committee or committees meet at least quarterly.**

Compliant - The Pension Fund Committee hold a minimum of four quarterly meetings. Additional extraordinary meetings maybe held were necessary.

- **That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.**

Not Compliant - Not applicable as there is no secondary committee.

- **That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.**

Partial Compliance - Although there is no forum is provided under the current governance arrangements, scheme employers have been consulted with regards to specific policy statements.

Principle G: Access

That subject to any rules in the council's constitution, all members of 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.

Compliant - All Members of the Pension Fund Committee have equal access to committee papers and documents. Committee papers are also published on the intranet and are therefore accessible to all interested parties.

Principle H: Scope

That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.

Partial Compliance - The publication of the Pension Fund Annual Report that is presented to the Pension Fund Committee incorporates the wider scheme issues. The Corporate Director of Resources provides a quarterly update to Members of developments affecting the Pension Fund.

Principle I: Publicity

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.

Partial Compliance - The Pension Fund Governance Compliance Statement is published on the Council's website. Scheme members and employers are made aware of the governance compliance statement via the Pension Fund's Annual Report. The Council is seeking to identify further ways of consulting with other employers within the scheme.