

Appendix 2
(Appendix A)

Governance Compliance Statement

London Borough of Harrow Pension Fund

April 2016

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Introduction

This is the Governance Compliance Statement of The London Borough of Harrow Pension Fund, administered by Harrow Council, the Administering Authority. The statement provides an overview of Harrow's approach towards the governance of the Pension Fund.

Any enquiries in relation to this Governance Compliance Statement should be sent to:

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Regulatory Framework

This compliance statement is required by the provision of Regulation 55 of the Local Government Pension Scheme (Scheme) Regulations 2013.

The provision requires Harrow Council as the Administering Authority to prepare a written statement setting out:

- “... (a) whether the authority delegates its function, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority;*
- (b) if the authority does so—*
- (i) the terms, structure and operational procedures of the delegation,*
 - (ii) the frequency of any committee or sub-committee meetings,*
 - (iii) whether such a committee or sub-committee includes representatives of 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 guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying, and*
- (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).”*

This Statement will be revised and republished following any material change on any of the matters set out above. A current version of the Statement will always be available either through the pensions unit at the address on page three, on the intranet under – ‘Employment with the Council’ – ‘Employees Pension’ – ‘Policy Statements’ – ‘Governance Compliance Statement’.

Delegated Functions

Harrow Council has delegated its functions to the following:

- i) Pension Fund Committee
- ii) Officer Sub – Group
- iii) Divisional Director HRD and Shared Services
- vi) Director of Finance
- vii) Chief Officers

Pension Fund Committee

The Pension Fund Committee comprises four Members representing two different political parties with voting rights and a co-optee, an investment adviser and two independent advisers without voting rights. Council Senior Officers attend each meeting and Trade Union representatives of Scheme members (UNISON and GMB) are also invited as observers.

The Committee meets approximately four times a year and has the following responsibilities:

- 1) to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the Fund), save for those matters delegated to other Committees of the Council or to an Officer;
- 2) the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
- 3) to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
- 4) to establish a strategy for the disposition of the pension investment portfolio;
- 5) to appoint and determine the investment managers' delegation of powers of management of the fund;

- 6) to determine cases that satisfy the Early Retirement provision under Regulation 26 of the Local Government Pension Scheme Regulations 1997 (as amended), and to exercise discretion under Regulation 8 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended, subject to the conditions now agreed in respect of all staff, excluding Chief Officers;
- 7) to apply the arrangements set out in (6) above to Chief Officers where the application has been recommended by the Chief Executive, either on the grounds of redundancy, or in the interests of the efficiency of the service, and where the application was instigated by the Chief Executive in consultation with the leaders of the political groups

Within its Terms of Reference, the Committee carries out functions such as:

- ❑ provides a response to any draft LGPS amendment regulations or other discussion paper relating to the LGPS.
- ❑ In some instances, decides to whom a death grant is paid.
- ❑ considers policy matters in relation to the Pension Scheme and the Council's early retirement policy.
- ❑ at least once every three months, reviews the investments made by the fund managers and from time to time consider the desirability of continuing or terminating the appointment of the fund managers.
- ❑ receives actuarial valuations of the Fund.

Officer Sub – Group

The Officer Sub – Group comprises three officers representing Finance, Legal and HR. Other senior officers attend each meeting.

The Sub-Group meets on an ad-hoc basis and has the following responsibility:

- ❑ To determine all early retirement applications in line with Council policy

Divisional Director HRD and Shared Services

The Senior HR Officer (currently Divisional Director HRD and Shared Services) has the following responsibility:

- To determine early retirement applications where there is no cost to the Pension Fund.

Director of Finance

Pension Fund Investment

In respect of the discretionary management arrangements the Director of Finance has the following responsibilities:

- In the name of the Mayor and Burgesses of Harrow Council and on behalf of the Pension Fund and in consultation with the Fund's managers, to invest in stocks and shares as authorised by the Trustee Investments Act and Pension Fund Regulations, and to authorise the Council's seal to be affixed to stock transfer forms, rights issues and other investment forms.
- To enter into agreements on the terms and conditions on which these investments are made by the Fund's managers.
- To enter into under-writing agreements.
- To monitor the investment decisions of the Fund managers and under the terms of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 as amended to ensure the need for diversification and stability of investments

Chief Officers

Chief Officers are specifically authorised to take decisions on behalf of the Council or its non-Executive Committees in cases of urgency, using the procedure for non-executive decisions on minor matters or the procedure for urgent non-executive decisions.

Urgent Non-Executive Decisions and Minor Matters

In relation to matters which are the responsibility of a Council Committee, subject to consultation with the Chair of the relevant committee and the nominated members of the two main political groups or their nominees, Chief Officers shall have the power to act on behalf of the Council in cases of urgency and on minor matters, where the urgent matter is of such a nature that it may be against the Council's interest to delay and where it is not practicable to obtain the approval of the Council Committee. In the event of disagreement between the Members consulted, the matter shall be referred to the Chief Executive who may take the decision after consultation with the Leaders of all political groups or their nominees, and if appropriate, with the statutory officers. The safeguards set out below must be followed.

Safeguards

The procedure must only be used when considered essential to achieving the efficient administration of the service and for urgent matters consideration must be given to whether the matter can wait until the next scheduled meeting or whether the calling of a special meeting can be justified.

All decisions taken by officers under this delegated power must be reported for information to the next meeting of the appropriate committee.

Local Pension Board

As required under the Public Service Pensions Act 2013 the Council has set up a Local Pension Board. Its responsibility under the Act is to assist the Administering Authority in ensuring the effective and efficient governance and administration of the Scheme including:

- Securing compliance with the Scheme regulations and other legislation relating to the governance and administration of the LGPS;
- Securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Such other matters the LGPS regulations may specify.

In particular the Board oversees:

- a) the effectiveness of the decision making process
- b) the direction of the Fund and its overall objectives
- c) the level of transparency in the conduct of the Fund's activities
- d) the administration of benefits and contributions

Statement of compliance to guidance

Regulation 55(1)(c) requires Scheme administering authorities to measure their governance arrangements against the principles set out in the statutory guidance. Where compliance does not meet the published standard, there is a requirement to give, in their 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 rests with the main committee established by the appointing council.**
- 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 main committee.**
- c) **That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.**
- 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*			Fully Compliant	
a)					√
b)			√		
c)					NA
d)					NA

* Please use this space to explain the reason for non-compliance.

No formal representation of ex-members with voting rights (pensioners/deferred members).

Principle B – Representation

- a) **That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-**
- i) **employing authorities (including non-Scheme employers, eg, admitted bodies);**
 - ii) **Scheme members (including deferred and pensioner Scheme members),**
 - iii) **where appropriate, independent professional observers, and**
 - iv) **expert advisors (on an ad-hoc basis).**

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.

	Not Compliant*			Fully Compliant	
a)				√	
b)					√

* Please use this space to explain the reason for non-compliance.

No formal representation of ex-members with voting rights (pensioners/deferred members).

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.

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.

	Not Compliant*			Fully Compliant	
a)				√	
b)					√

* Please use this space to explain the reason for non-compliance.

Principle D – Voting

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 main LGPS committees.

	Not Compliant*			Fully Compliant	
a)				√	

* Please use this space to explain the reason for non-compliance

Principle E – Training/Facility time/Expenses

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.

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

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

	Not Compliant*			Fully Compliant	
a)				√	
b)				√	
c)			√		

* Please use this space to explain the reason for non-compliance .

No formal documentation exists on the policy for training, facility time and expenses.
No formal training log exists.

Principle F – Meetings (frequency/quorum)

a) That an administering authority’s main committee or committees meet at least quarterly.

b) 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.

c) That an administering authority who does 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

	Not Compliant*			Fully Compliant	
a)				√	
b)				NA	
c)			√		

* Please use this space to explain the reason for non-compliance.

No formal representation of ex-members with voting rights (pensioners/deferred members).

Principle G – Access

a) 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.

	Not Compliant*			Fully Compliant	
a)				√	

* Please use this space to explain the reason for non-compliance.

Principle H – Scope

a) That administering authorities have taken steps to bring wider Scheme issues within the scope of their governance arrangements

	Not Compliant*			Fully Compliant	
a)				√	

* Please use this space to explain the reason for non-compliance.

Principle I – Publicity

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.

	Not Compliant*			Fully Compliant	
a)				√	

* Please use this space to explain the reason for non-compliance.

Please use this space if you wish to add anything to explain or expand on the ratings given above

The statement is published in various formats to LGPS employers, all types of Scheme membership (i.e. actives/pensioners/deferreds), unions and non – LGPS employers.