

Committee:	Licensing and General Purposes Committee
Date:	3 March 2008
Subject:	INFORMATION REPORT – Publication of Governance Compliance Statement
Responsible Officer:	Myfanwy Barrett – Corporate Director of Finance
Portfolio Holder:	Councillor David Ashton
Exempt:	No
Enclosures:	Appendix 1 – Governance Compliance Statement

Section 1 – Summary

This report is to inform the Committee of the statutory requirement to publish a Governance Compliance Statement

FOR INFORMATION

Section 2 – Report

Since 1 April 2006, under The Local Government Pension Scheme (Amendment) (No. 2) Regulations 2005, administering authorities have been required to prepare, publish and maintain, after consultation with those persons considered appropriate, a statement setting out the policy on pension fund governance, including issues concerning the representation and participation of key stakeholders on pension/investment committees.

Administering authorities are required to confirm whether their functions are delegated or part delegated in relation to maintaining the Fund to a committee, sub committee or an officer.

In respect of any delegation the statement must confirm:

- a) the frequency of any committee or sub committee
- b) the delegated terms of reference structure and operational procedures
- c) whether the committee or sub committee includes representatives of employing authorities or members, and if so, whether those representatives have voting rights

The statement must be revised and re-published following any material change to the authority's policy on any of the matters set out above.

In compliance with the above regulations, Harrow's Governance Policy was formulated and presented as a notification item at the Licensing and General Purposes Committee on 6 March 2006 and the Pension Fund Investment Panel on 20 March 2006.

Further amendments were made to the regulations on governance under the Local Government Pension Scheme (Amendment) (No.3) Regulations 2007, which builds on that statement by requiring administering authorities to compare its arrangements against The Department for Communities and Local Government (CLG) guidance and to give reasons where local arrangements do not comply with that guidance.

The guidance (only draft guidance available) sets out the best practice principles for pension fund governance, which are based around the following: -

- Principle A – Structure
- Principle B – Representation
- Principle C – Selection and role of lay members
- Principle D – Voting
- Principle E – Training/Facility time/Expenses
- Principle F – Meetings (frequency/quorum)
- Principle G – Access (committee papers/documents/advice)
- Principle H – Scope (wider scheme issues)
- Principle I – Publicity

In compliance with the above regulations Harrow Council's Governance Compliance Statement (shown in Appendix 1) has been formulated for publication on 1 March 2008.

Section 3 – Further Information

Communications and Consultation

The statement will be published in electronic format to LGPS employers and the unions.

Reference to the statement, including means of access, will be communicated to Scheme members through the annual pensioner, active and deferred member newsletters.

Administering authorities are required to submit to CLG a copy of the statement after 1 March 2008.

Details regarding the publication of the statement have been forwarded to Legal & Democratic Services, Finance Services, and the Divisional Director HR & Development.

In terms of consultation it is felt that "appropriate persons" will include the unions and Admitted Body Employers.

Financial and Legal Implications

The publication of the statement is a statutory requirement and therefore a bona fide pension fund cost.

Section 4 - Contact Details and Background Papers

Contact: Linda D'Souza (Service Manager – Pensions)
Tel: 020 8424 1426 (Extension 2426)

Background Papers:

The Local Government Pension Scheme (Amendment) (No.3) Regulations 2007.

Draft Governance Compliance Statutory Guidance.

Appendix 1



**Governance
Compliance Statement**

London Borough of Harrow Pension Fund

March 2008

Introduction	3
Regulatory Framework.....	4
Delegated Functions	5
Licensing and General Purposes Committee.....	5
Pension Fund Investments Panel.....	6
Early Retirement Sub-Committee.....	6
Officer Sub – Group	7
Head of Shared Services	7
Deputy Chief Executive	7
Chief Officers.....	8
Statement of compliance to guidance	9

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.

It is effective from 1 March 2008.

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

Linda D'Souza (Service Manager – Pensions)

Harrow Council London

Shared Services

3rd Floor, South Wing

Civic Centre

Station Road

Harrow

HA1 2XF

TEL: 020 8424 1426

Fax: 0208 424 1196

Email: linda.d'souza@harrow.gov.uk

Regulatory Framework

This compliance statement is required by the provision of regulation 73A of the Local Government Pension Scheme Regulations 1997 (as amended).

The provision requires Harrow Council as the Administering Authority to:

“... prepare a written statement setting out—

(a) whether they delegate their function, or part of their function, in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the authority;

(b) if they do 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 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 guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.

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

Delegated Functions

Harrow Council has delegated its functions to the following:

- i) Licensing and General Purposes Committee
- ii) Pension Fund Investments Panel
- iii) Early Retirement Sub-Committee
- iv) Officer Sub – Group
- v) Head of Shared Services
- vi) Chief Officers

Licensing and General Purposes Committee

The Licensing and General Purposes Committee is comprised of fifteen Members representing two different political parties with voting rights. Council Senior Officers attend each meeting.

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

- Functions relating to local government pensions, etc (Regulations under Sections 7, 12 or 24 of the Superannuation Act 1972 (c.11)[52]).
- The determination of applications under the Local Government Pension Scheme Regulations.

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

- provide a response to any draft LGPS amendment regulations or other discussion paper relating to the LGPS.
- In some instances, decide to whom a death grant is paid.
- consider policy matters in relation to the pension scheme and the Council's early retirement policy.

Pension Fund Investments Panel

The Pension Fund Investments Panel is comprised of four Members representing two different political parties with voting rights and one Co-optee Member 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 Panel meets four times a year and have the following responsibilities:

- ❑ To administer all matters concerning the Council's pension investments in accordance with the law and Council Compliance.
- ❑ To establish a strategy for disposition of the pension investment portfolio.
- ❑ To determine the managers' delegation of powers of management of the fund.

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

- ❑ at least once every three months, review 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.
- ❑ receive actuarial valuations of the Fund and determine the level of employers' contributions.

Early Retirement Sub-Committee

The Early Retirement Sub-Committee is comprised of three Members representing two different political parties with voting rights. Council Senior Officers attend each meeting.

The Sub-Committee meets on an ad-hoc basis and have the following responsibilities:

- ❑ To determine applications, for early retirements under regulation 26, 31 & 35 where there is a cost to the pension fund.
- ❑ To apply the arrangements set out 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.

Officer Sub – Group

The Officer Sub – Group is comprised of three Officers representing Finance, Legal and HR. Council Senior Officers attend each meeting.

The Sub-Group meets on an ad-hoc basis and have the following responsibilities:

- To determine applications, for early retirements under regulation 26 & 31 where there is no cost to the pension fund.

Head of Shared Services

The Head of Shared Services has the following responsibility:

- To determine applications, for early retirements under regulation 35 where there is no cost to the pension fund.

Deputy Chief Executive

Pension Fund Investment

In respect of the discretionary management arrangements the Deputy Chief Executive has the following responsibilities which in turn have been delegated to the Corporate Director of Finance:

- 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 (Investment) Regulations 1999 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 other 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.

Statement of compliance to guidance

Regulation 73A(1)(c) requires LGPS 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 under Regulation 73A(1)(c) 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)					√
d)					√

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

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

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

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) 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 (regulation 73A(1)(c)/1997 Regulations)

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

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

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.

	Not Compliant*			Fully Compliant	
a)					√

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

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

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 (regulation 73A(1)(c)/1997 Regulations)

No formal documentation providing justification for not extending voting rights exists.

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

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.

	Not Compliant*			Fully Compliant	
a)			√		
b)					√

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

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

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

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 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

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

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

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

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

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 (regulation 73A(1)(c)/1997 Regulations)

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

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 (regulation 73A(1)(c)/1997 Regulations)

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

All key scheme issues (e.g. the exercise of discretions under the scheme's regulations) are subject to the rigorous supervision and oversight of the main committee.

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 (regulation 73A(1)(c)/1997 Regulations)

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.