

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

PENSION FUND GOVERNANCE POLICY & COMPLIANCE STATEMENT	Classification PUBLIC	Enclosures One
	Ward(s) affected ALL	
Pensions Committee 27th June 2017		

1. INTRODUCTION

- 1.1 This report proposes that the Pensions Committee agrees the attached draft version of the Pension Fund Governance Policy and Compliance Statement to take forward in consultation with the Fund's stakeholders. The Policy and Compliance Statement is created in accordance with the Local Government Pension Scheme Regulations. It sets out the governance procedures for the Fund and indicates where it is compliant with best practice as laid down in statutory guidance issued by the Secretary of State.

2. RECOMMENDATIONS

2.1 The Pensions Committee is recommended to:

- **Approve the draft Pension Fund Governance Policy and Compliance Statement, and agree that officers may now proceed with the consultation with the Fund's employers and Hackney Council union officials**
- **Approve the Scheme of Delegation which is included as appendix B of the attached draft Statement**

3. RELATED DECISIONS

- 3.1 Pensions Committee 31st March 2015 – Approval of Pension Fund Governance and Compliance Statement
- 3.2 Pensions Committee 14th January 2015 – Review of Draft Pension Fund Governance Compliance Statement

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES

- 4.1 There are no direct financial implications arising as a consequence of the revised Policy and Statement. The costs of compliance with the necessary regulations with regards to governance is minimal in comparison to the value of the fund, and the risks arising through failure to do so.

5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Hackney Council, as the administering authority for the Hackney Pension Fund, to prepare a written statement setting out details of the authority's delegation of functions under the LGPS Regulations. The statement sets out the governance

procedures for the Fund and indicates where it is compliant with best practice as laid down in statutory guidance issued by the Secretary of State. This paper presents an update to the existing statement as part of the review programme set out in the Pension Fund Business Plan.

- 5.2 It is a matter for the Pensions Committee to agree all Fund policies and strategies as well as recommending changes to the Terms of Reference. It is therefore appropriate for the Committee to formally approve this Governance Policy and Statement of Compliance. However, prior to any such approval there is a requirement to consult with appropriate stakeholders.
- 5.3 There are no immediate legal implications arising from this report.

6. BACKGROUND/TEXT OF THE REPORT

6.1 Since 1st April 2006, administering authorities have been required to publish and maintain a pension fund governance statement setting out the governance arrangements for their Fund including details of membership, how often they meet and the decision making process. This requirement has been maintained in the LGPS Regulations 2013, with Regulation 55 requiring funds to prepare and maintain a governance compliance statement

6.2 Regulation 55 requires that:

(1) An administering authority must prepare a written statement setting out-

- (a) whether the authority delegates its functions, 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 that 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 106 (local pension boards: establishment).

(2) An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.

(3) Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.

(4) An administering authority must publish its statement under this regulation, and any revised statement.

6.3 This paper therefore presents an update to the Governance Policy and Compliance Statement, under the programme of regular policy review set out in the Fund's business plan. It is recommended that the Committee approve the policy and statement for consultation with key stakeholders, including employers and other interested parties. It is intended that the final version be brought to the September Pensions Committee for final approval.

6.4 The key amendments that have been made are:

- Updating the Policy and Statement to reflect new regulations (including the LGPS (Management and Investment of Funds) Regulations 2016)
- Updating officer delegations to reflect staff changes within the Pension Fund
- Updating delegations to reflect changes to roles as a result of asset pooling

6.5 Appendix A of the document includes the Fund's Statement of Compliance against best practice as laid down in statutory guidance issued by the Secretary of State. It is pleasing to note that the Fund continues to be fully compliant in all areas

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Appendices

Appendix 1 – Governance Policy and Compliance Statement

Background Papers

None