

## REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES

### Governance Policy & Compliance Statement Review

Pensions Committee  
23rd November 2021

Classification

**PUBLIC**

Ward(s) affected

**ALL**

Enclosures

Two

**AGENDA ITEM NO.**

**11**

## 1. INTRODUCTION

- 1.1 This report includes the Fund's Governance Policy and Compliance Statement which has been reviewed and updated. Generally, unless otherwise specified, the Fund's policy is to review policies every three years (or sooner if required, for example, due to changes in legislation). This Policy has reached the review date and has had some recommended updates.

## 2. RECOMMENDATIONS

### 2.1 The Pensions Committee is recommended to:

- **Approve the updated Hackney Pension Fund Governance Policy and Compliance Statement including the updated delegations from the Committee as outlined in Appendix B of the Policy.**

## 3. RELATED DECISIONS

- Pensions Committee (2017) – Last update of Governance Policy.

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 Ensuring that the Fund has clear policies in place helps maintain proper financial governance of the Fund. Some of the areas within the Fund's policies can impact the financial health of the Fund or change its exposure to certain risk factors. It is recognised that robust governance arrangements can reduce risk which could have financial consequences; for example having a structure that enables timely decision helps ensure that investment opportunities are realised.

- 4.2 There are no new immediate financial implications arising from this report.

## 5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

- 5.1 The Council has established a Pensions Committee to act as the Scheme Manager of the Pension Fund as well as delegation of various functions to the Group Director, Finance and Corporate Resources in accordance with legislation. The Council has also established the Fund's Local Pension Board which is

required by legislation.

5.2 The functions of the Pensions Committee are contained within part 3 of the Councils' Constitution. To set the overall strategic objectives for the Fund, to review the Fund's policy and strategy documents on a regular cycle and to keep the Committee's terms of reference under review are parts of this Committee's role.

5.3 Regulation 55 of the LGPS Regulations 2013 requires the Council, as the Administering Authority to the London Borough of Hackney Pension Fund, to publish a Governance Policy and Compliance Statement setting out information relating to how it delegates its functions under those regulations and whether it complies with guidance given by the Secretary of State for Levelling Up, Housing, and Communities. It also requires the Council to keep the statement under review, to make revisions as appropriate and, where such revisions are made, to publish a revised statement.

## 6. **BACKGROUND TO THE REPORT**

6.1 The Governance Policy and Compliance Statement is legally required to include:

- whether the Council delegates its LGPS responsibilities (or part of them) to a committee, a sub-committee or an officer of the Council, and if 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 Scheme employers or members, and if so, whether those representatives have voting rights
- the extent to which those delegations comply 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.

6.2 The Hackney Council Policy includes further information such as governance objectives, risks and an overview of the Fund's key policies. It was last updated in 2017.

## 7. **PROPOSED CHANGES TO THE GOVERNANCE POLICY**

7.1 The proposed Governance Policy and Compliance Statement is attached as Appendix A. Many of the original elements of the Policy remain largely unchanged. The Policy outlines:

- the Fund's governance objectives
- its governance arrangements and structures including those relating to the Pensions Committee, senior officers and the Pensions Board
- the key policy documents
- governance related risks
- how the policy objectives will be measured on an ongoing basis.

7.2 The key updates made to the Policy include:

- updated objectives to better articulate the aims of the Fund.
- a number of changes to the governance arrangements and structure section to better explain how the Fund is governed (noting that these amendments do not actually change the existing arrangements – albeit see the later point about Appendix B)
- a new paragraph to explain the relationship with the London CIV
- adding Risk Policy, Breaches Procedure and Conflicts of Interest Policy to the policies section, as well as updating the wording relating to the other documents to be clearer
- updating the key risks to reflect the current governance risks in the Fund’s risk register
- adding a new section showing how the policy objectives will be monitored to ensure they are being achieved
- updating Appendix B as described in the next paragraph.

There are no changes to the level of compliance reported in the Compliance Statement in Appendix A; the Fund remains fully compliant with the Secretary of State’s statutory guidance.

7.3 Appendix B to the policy includes a schedule of functions that are delegated by the Pensions Committee to officers and/or the Chair of the Pensions Committee. The purpose of this schedule is to provide clarity on where responsibilities sit between the Pensions Committee and officers, as well as clarifying how decisions are to be made if urgently required outside of Committee cycles. Some changes are recommended to this schedule as shown in Appendix B to this report. This includes updating job titles for some of the officers.

7.4 The Committee is asked to approve the updated Governance Policy and Compliance Statement, including the updates to Appendix B.

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## **LIST OF APPENDICES**

Appendix A - Governance Policy & Compliance Statement

Appendix B - delegations (marked copy)