

	<h2>Pension Fund Committee</h2> <h3>26th February 2018</h3>
<p style="text-align: right;">Title</p>	<p>Governance Policy and Compliance Statement</p>
<p style="text-align: right;">Report of</p>	<p>Chief Financial Officer</p>
<p style="text-align: right;">Wards</p>	<p>n/a</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 - Governance Compliance Statement Appendix 2 – Extract from CLG Guidance</p>
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<h2>Summary</h2>
<p>The Council as administering authority of the Barnet Pension Fund is required by regulations and best practice to maintain, publish and comply with various statement and policy documents. One of these is the Governance Policy and Compliance Statement. This statement has been revised to incorporate the role of the Local Pension Board. In line with the LGPS Regulations 2013, the Board was consulted on the revised draft statement. They recommended that the Committee consider wider employer and scheme member representation on the Committee.</p>

<h2>Recommendations</h2>
<p>That the Committee:</p> <ul style="list-style-type: none"> • Considers the recommendation from the Local Pension Board to include wider employer and scheme member representation on the Pension Fund Committee. • Approves or amends the draft Governance Policy and Compliance Statement.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Governance Policy and Compliance Statement (“the statement”) is required by the LGPS Regulations 2013 in situations in which the administering authority has delegated its functions. An extract of the Regulations is appended to the draft statement. Barnet Council has delegated its functions to the Pension Fund Committee and established a Local Pension Board to assist in ensuring compliance with regulations and best practice.
- 1.2 The draft statement describes the role of the bodies or individuals with delegated powers and the manner in which these bodies function and represent the membership and employers within the fund. Attached to the draft statement is a checklist indicating the extent to which the governance arrangements of the Barnet fund comply with guidance issued by the Secretary of State for Communities and Local Government in 2008.
- 1.3 The regulations (paragraph 3 of the extract) provide for consultation on changes to the statement. The Local Pension Board was consulted on 14th February and noted the non-compliance with guidance issued by The Department of Communities and Local Government (now The Ministry of Housing, Communities and Local Government) in 2008, in that the membership of the Pension Fund Committee does not include representatives from all types of employers and scheme members.
- 1.4 The Guidance includes as best practice:

“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.”
- 1.5 The guidance is based on a comply or explain basis. Extracts are attached (appendix 2).
- 1.6 The guidance states that Councillors have legal responsibilities for good governance of the Pension Fund and that beneficiaries have a legitimate interest in the fund being managed in accordance with LGPS regulations. The guidance notes that the statutory protections for scheme members offer greater protection than within a private sector scheme, which is why the requirement for member nominated trustees was not extended to the LGPS. There are currently 65 employers in the pension fund paying contributions that are impacted by decisions made by the Committee.
- 1.7 The Committee can argue that since the guidance was issued, the Local Pension Board has been established and its membership is open to all employers and scheme members, albeit with no decision-making powers, but an ability to raise issues with the Committee.

- 1.8 It is not unusual for LGPS Pension Committees to have non-councillor members representing other employers and scheme members. Often these representatives have no voting rights. The Committee could argue that there has been no demand for such representation e.g. through previous attendance at meetings as observers or that having representation at the Committee would undermine the role of the Board. Alternatively, it could offer an invite to Local Pension Board members (or just the Chairman) to attend Committee and contribute to discussions. If the Committee wishes, a survey could be undertaken of other London based LGPS funds to identify the composition of committees in London.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires the administering authority to prepare a governance compliance statement when their LGPS powers have been delegated. The Committee is being asked to consider the responses to consultation with the Local Pension Board.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The Committee can propose alternative drafting for the statement considering responses to the consultation.

4. POST DECISION IMPLEMENTATION

- 4.1 If approved, the statement will be made available to employers and scheme members. The statement must be kept under review.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Ensuring that the Pension Fund is satisfactorily governed supports the Council's corporate priorities as expressed through the Corporate Plan.

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 None in the context of this report.

5.3 Social Value

- 5.3.1 There are no specific social value issues arising out of this report, however membership of the Pension Fund ensures the long term financial health of contributing employees on retirement.

5.4 Legal and Constitutional References

- 5.4.1 Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires the administering authority to prepare a governance compliance

statement when their LGPS powers have been delegated.

5.4.2 Article 7 of the constitution included “To consider approval and act in accordance with statutory Pension Fund documents: Governance Policy Statement.

5.5 Risk Management

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met.

5.5.2 There are both financial and reputational risks from non-compliance with regulation and best practice. The paper identifies gaps in compliance that will be addressed.

5.6 Equalities and Diversity

5.6.1 There are no Equalities and Diversity issues arising from this report.

5.6.2 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant ‘protected characteristic’ and those who do not share it; and fostering good relations between persons who share a relevant ‘protected characteristic’ and persons who do not share it. The ‘protected characteristics’ are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements and monitoring of the Pension Fund’s managers will benefit everyone who contributes to the fund.

5.7 Consultation and Engagement

5.7.1 Consultation has taken place with the Local Pension Board.

5.8 Insight

5.8.1 None.

6. BACKGROUND PAPERS

6.1 None