

# Pension Fund Compliance Statement

## Pension Fund Governance Compliance Statement

### 1. Background

- 1.1 The Local Government Pension Scheme (Amendment) (No.3) Regulations 2007 require that all LGPS pension fund Administering Bodies in England and Wales prepare a Governance Compliance Statement (GCS). This GCS has been prepared in full accordance with these regulations and any guidance provided by the Secretary of State.
- 1.2 In order to ensure that the Council meets its fiduciary duties with regard to its Pension Fund, it is important governance arrangements assign roles and responsibilities that are consistent with political and organisational accountability. This GCS seeks to do this by defining four tiers of responsibilities – the Council, the Pension Fund Committee (PFC), the Local Pension Board and the Chief Finance Officer. It draws on best practice in other pension funds and guidance provided by the Secretary of State.
- 1.3 As the Pension Fund Committee is a Committee of the Council the normal provisions relating to publication of agendas, admission of press and public to meetings etc. will apply

### 2. Statement of Responsibilities

#### 2.1 **Responsibilities of Council in relation to the Pension Fund**

##### 2.1.1 To appoint:-

*Seven elected members on a politically-balanced basis to a Pension Fund Committee (PFC), responsible for discharging the Council's leadership and strategic management responsibilities regarding its Pension Fund;*

*Substitute members, three from each political group.*

In line with their responsibilities, only elected members (or their substitutes where appropriate) appointed to the PFC have voting rights at any PFC meeting.

#### 2.2 **Responsibilities delegated by Council to the Pension Fund Committee**

##### 2.2.1 To approve and act in accordance with statutory Pension Fund documents:-

- Statement of Investment Principles
- Funding Strategy Statement
- Governance Policy Statement
- Pension Administration Strategy
- Communication Policy Statement

- 2.2.2 To review the above documents at least triennially, or more frequently if advised by the Chief Finance Officer of the need to do so (e.g. change in statutory guidance on what these documents should cover).
- 2.2.3 To meet review and approve the Pension Fund Statement of Accounts, income and expenditure and balance sheet or record of payments and receipts (as the case may be)
- 2.2.4 To receive and approve the Pension Fund Annual Report.
- 2.2.5 To invite a recognised representative from the trades unions and a representative from Middlesex University (the largest scheduled/admitted body) to meetings of the PFC. These representatives are appointed to advise the PFC on behalf of the interests they represent, but are not to have any voting rights. Further invites to scheduled/admitted bodies to be decided by the chairman of the PFC.
- 2.2.6 To appoint independent investment advisors.
- 2.2.7 To appoint Pension Fund investment managers.
- 2.2.8 To appoint Pension Fund actuaries.
- 2.2.9 To appoint a performance management company.
- 2.2.10 To appoint custodians.
- 2.2.11 To review and challenge at least quarterly the Pension Fund investment managers' performance against the Statement of Investment Principles in general and investment performance benchmarks and targets in particular. One of these meetings to be the annual review, at which the representative from our performance management organisation attends to comment on the relative performance of the fund managers.
- 2.2.12 To consider actuarial valuations and their impact on the Pension Fund.
- 2.2.13 To consider advice given by the Chief Finance Officer, independent advisors, and views expressed by non-voting representatives at Pension Fund Committee meetings.
- 2.2.14 To approve applications from organisations wishing to become admitted bodies into the Pension Fund where legislation provides for discretion, including the requirements for bonds.
- 2.2.15 To determine the appropriate course of action on any matter not specifically listed above that pertains to the leadership and/or strategic management of the Pension Fund, in particular any matter which could materially affect its financial performance or long-term standing.
- 2.2.16 To convene regularly each quarter and additionally at such times outside the regular quarterly cycle as the Chairman deems appropriate

- 2.2.17 To require that all voting members receive adequate training on matters relating to the operation of the LGPS to enable the PFC to fulfil its fiduciary responsibilities in a satisfactory manner.
- 2.2.17 To comply with all the rules as set out in the Meeting Procedure Rules.
- 2.2.18 To conduct its business only when the number of voting members in attendance reaches or exceeds a quorum of 3.

### **2.3 Responsibilities of Council in relation to the Local Pension Board**

- 2.3.1 To appoint:-

*Five members (two employers side (one councillor and one employer representative from an admitted body), two employee side (one active member and one deferred member) and one independent member/advisor), responsible for assisting the Pension Fund Committee in ensuring compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme*

### **2.4 Responsibilities of the Local Pension Board**

- 2.4.1 The role of the local Pension Board, as defined by sections 5(1) and (2) of the Public Services Pension Act 2013 and regulation 106 of the Local Government Pension Scheme (LGPS) Governance Regulations 2013.

- To assist with:
  - securing compliance with LGPS Government regulations and any other legislation relating to the governance and administration of the LGPS
  - securing compliance with the requirements imposed in relation to the PGPS by the Pensions Regulator.
  - such other matters that the LGPS regulations may specify
- Ensure the effective and efficient governance and administration of the LGPS for the LBB Pension Fund
- Ensure the Pension Fund's strategy and policy documents are in place and have been maintained in accordance with the LGPS Regulations. These documents are the: communications policy statement; funding strategy statement; governance compliance statement; pensions administration strategy; Pension Fund annual report and accounts; statement of investment principles
- Ensure the Pension Fund's internal Risk Register is in place and reviewed at least annually

- Review the Pension Fund's performance in complying with the requirements of the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS
- Review the Pension Fund's performance in complying with the requirements of the Pension Regulator
- Annually submit a proposed work plan for the forthcoming financial year, to the Pension Fund Committee
- To carry out any other activities relating to the efficient governance and administration of the Pension Fund.

2.4.2 The Local Pension Board does not replace the Administering Authority or make decisions or carry out duties other duties which are the responsibility of the Administering Authority (refer to Compliance statement)

2.4.3 The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility and secure compliance with any requirements imposed by the Pensions Regulator.

### **2.3 Responsibilities Delegated to the Chief Finance Officer**

2.3.1 To implement the decisions of the PFC efficiently and effectively.

2.3.2 To administer the Pension Fund within the parameters set by the PFC, delegating these responsibilities as appropriate to other council officers and/or external contractors.

2.3.3 To advise the PFC on all matters pertaining to the management of the Pension Fund, drawing upon the knowledge and expertise of other council officers, the independent advisor, the actuaries and other sources where appropriate.

2.3.4 To attend PFC meetings, ensuring an appropriate substitute is sent where attendance is not possible.

2.3.5 To require other relevant individuals to attend PFC meetings where appropriate.

2.3.6 To require the Fund's independent advisor to present a report each quarter to the PFC on the key and emerging issues that will or could affect the Pension Fund's future performance and standing

2.3.7 To organise adequate training to enable members of the PFC to be in a position meet their fiduciary responsibilities in relation to the Pension Fund.

2.3.8 To request that the Chairman convene additional meetings where a matter arises that requires its urgent consideration.

- 2.3.9 To prepare and submit the following Pension Fund documents for approval to the PFC on either triennially or more frequently than this should circumstances require:-
- Pension Fund Annual Report
  - Statement of Investment Principles
  - Funding Strategy Statement
  - Governance Policy Statement
  - Pension Administration Strategy
  - Communication Policy Statement
- 2.3.10 To publish the documents stated in 2.3.9, upon their approval by the PFC, in a timely, accessible and cost-effective manner.
- 2.3.11 To make available to scheme representatives, scheme members and any other interested bodies, upon request, any other information pertaining to the London Borough of Barnet Pension Fund where this is not covered by exemptions provided by Acts of Parliament.