



Haringey Council

Agenda item:

Corporate Committee

On 20 June 2011

Report Title. Pension Fund Governance Compliance Statement

Report of Director of Corporate Resources

Signed : Julie Parker

10/6/11

Contact Officer : Nicola Webb – Corporate Finance
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Wards(s) affected: All

Report for: Non Key Decision

1. Purpose of the report

- 1.1. To consider an updated draft of the Pension Fund Governance Compliance Statement in compliance with the Local Government Pension Scheme (Administration) Regulations 2008.
- 1.2. To consider the appointment of an independent adviser to the Committee in relation to Pension Fund matters.

2. Introduction by Cabinet Member

- 2.1 Not applicable.

3. State link(s) with Council Plan Priorities and actions and / or other Strategies:

- 3.1. Not applicable.

4. Recommendations

- 4.1 That the revised Governance Compliance Statement be approved.
- 4.2 That the proposed appointment of an independent adviser to the Committee on Pension Fund matters be approved.
- 4.3 That the proposal to engage Crispin Derby Limited to support the appointment process be approved.

5. Reason for recommendations

- 5.1. To ensure that the Pension Fund has an up to date Governance Compliance Statement in place in accordance with regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008.
- 5.2. An independent adviser on Pension Fund matters is recommended by the Department of Communities and Local Government statutory guidance on governance to support the Committee in challenging Pension Fund advisers and fund managers.
- 5.3. Crispin Derby Limited arrange forums for all independent advisers supported local authority pension funds and is therefore well placed to source an appropriate adviser.

6. Other options considered

- 6.1. Not applicable.

7. Summary

- 7.1 Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 requires that a Governance Compliance Statement is published and kept up to date. The draft at Appendix A has been updated to reflect the change to Corporate Committee. The Council has been assessed to be fully compliant with the statutory guidance issued by the Department for Communities and Local Government.
- 7.2 The independent adviser who served the Pensions Committee has resigned from his post. The role of this adviser was to support the Committee in challenging the advice it receives particularly in relation to investment matters. Although it is not a requirement of the statutory guidance on governance issued by Department of Communities and Local Government, it is a recommendation.
- 7.3 Crispin Derby Limited organises regular forums for the independent advisers who support local authority pension funds and uses this knowledge to support local authorities source appropriate advisers. It is proposed Crispin Derby

Limited is asked to source four or five potential independent advisers to the Committee. It is proposed the appointment from this shortlist is delegated to an interview panel to include the Chair of the Committee, officers and to be supported by Crispin Derby Limited. The cost of this service to appoint an adviser would be £5,500.

8. Head of Legal Services Comments

8.1 The Head of Legal Services has been consulted on the content of this report. Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 requires the Council as Administering Authority to make such revisions as are appropriate to its governance compliance statement following a change of delegation of the function of maintaining a pension fund to another committee and also to state the extent to which it complies with statutory guidance provided by the Secretary of State.

8.2 The appointment of the independent adviser will need to be compliant with Contract Standing Orders i.e. a competitive process should be followed. The approval for the award of contract to the adviser may be made by the Director of Corporate Resources, provided that the value is within her delegated authority threshold (see CSO 11.02). The threshold is currently set at £250,000.

9. Equalities & Community Cohesion Comments

9.1. There are no equalities issues arising from this report.

10. Consultation

10.1. Not applicable.

11. Service Financial Comments

11.1 The proposed recruitment process for an independent adviser on Pension Fund matters would cost £5,500 to include sourcing appropriate candidates and supporting the interviews.

11.2 Officers have been advised that an independent adviser would be expected to charge £15,000 per annum for attendance at four Committee meetings. This is considerably more than the previous independent adviser.

12. Use of appendices

12.1 Appendix A: Draft Governance Compliance Statement

13. Local Government (Access to Information) Act 1985

13.1 Local Government Pension Scheme Governance Compliance Statements Statutory Guidance – November 2008 published by Department for Communities and Local Government.

Governance Compliance Statement

1 Introduction

This Governance Compliance Statement document sets out how governance of the Pension Fund operates in Haringey. It is prepared in accordance with Regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 and the associated statutory guidance issued by the Department for Communities and Local Government.

The objective of the Governance Compliance Statement is to make the administration and stewardship of the scheme more transparent and accountable to the stakeholders.

2 Council delegation

Haringey Council, in its role as Administering Authority, has delegated responsibility for administering the Local Government Pension Scheme to the Corporate Committee. The terms of reference for the Committee were adopted by the Council on 23rd May 2011, are included in the Council's constitution and are set out in the section below:

3 Terms of reference

The terms of reference for Corporate Committee in relation to Pensions Administering Authority functions are set out below:

"Exercising all the Council's functions as "Administering Authority" and being responsible for the management and monitoring of the Council's Pension Fund and the approval all relevant policies and statements. This includes:

- (A) Selection, appointment and performance monitoring of investment managers, AVC scheme providers, custodians and other specialist external advisers;*
- (B) Formulation of investment, socially responsible investment and governance policies and maintaining a statement of investment principles;*
- (C) Monitoring the Pension Fund Budget including Fund expenditure and actuarial valuations; and*
- (D) Agreeing the admission and terms of admission of other bodies into the Council's Pension Scheme."*

4 Membership of Committee

The Committee's membership is made up of ten elected members of Haringey Council and three members representing Scheduled & Admitted Bodies, Active Members and Pensioners.

5 Compliance with statutory guidance

The Council is fully compliant with the statutory guidance issued by the Department for Communities and Local Government in 2008. Appendix 1 details this compliance in each area of the guidance.

Appendix 1: Compliance with Statutory Guidance

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| <p>A. Structure</p> <p>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.</p> <p>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.</p> <p>c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</p> <p>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.</p> |
| <p><u>Haringey position</u></p> <p>Fully compliant.</p> <p>The terms of reference for Corporate Committee in respect of Pensions are clear that administration of benefits and strategic management of fund assets are part of the remit. In addition to elected members, there are three representative members on the Committee representing Scheduled & Admitted Bodies, Active members and Pensioners. There is no secondary committee or panel, therefore sections c and d are not applicable.</p> |
| <p>B. Representation</p> <p>a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-</p> <ul style="list-style-type: none">i) employing authorities (including non-scheme employers, e.g. admitted bodies);ii) scheme members (including deferred and pensioner scheme members);iii) independent professional observers, andiv) expert advisors (on an ad-hoc basis). <p>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.</p> |

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| <p><u>Haringey position</u> Fully compliant.</p> <p>In addition to elected members, there are three representative members on the Committee representing Scheduled & Admitted Bodies, Active members and Pensioners. Independent and expert advisers attend as required by the Committee. All representative members of the Committee have access to all papers, meetings and training on an equal footing with elected members.</p> |
| <p>C. Selection and role of lay members</p> <p><i>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.</i></p> |
| <p><u>Haringey position</u> Fully compliant.</p> <p>The terms of reference for the Committee sets out the role and function of the Committee in relation to Pensions. This is supplemented by induction training offered to all new members of the Committee.</p> |
| <p>D. Voting</p> <p><i>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.</i></p> |
| <p><u>Haringey position</u> Fully compliant.</p> <p>The policy regarding voting rights is clearly set out and only elected members of the Committee are permitted to vote. Representative members are able to participate fully in all discussions of the Committee and the nature of the decisions are such that the majority are reached by consensus, rather than voting.</p> |

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| <p>E. Training, Facility time, Expenses</p> | <p>a) <i>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.</i></p> <p>b) <i>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.</i></p> |
| <p><u>Haringey position</u> Fully compliant.</p> <p>There is a clear policy on reimbursement of expenses for elected members of the Committee. All members of the Committee have equal access to training. There are no sub-committees, advisory panels or secondary forums.</p> | <p>F. Meetings (frequency/quorum)</p> <p>a) <i>That an administering authority's main committee or committees meet at least quarterly.</i></p> <p>b) <i>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.</i></p> <p>c) <i>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.</i></p> |
| <p><u>Haringey position</u> Fully compliant.</p> <p>The Committee meets on a quarterly basis. Sections b and c are not applicable as there is no secondary committee and lay members are included in the governance arrangements.</p> | |

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| <p>G. Access</p> | <p><i>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.</i></p> |
| <p><u>Haringey position</u></p> | <p>Fully compliant. All members of the Committee have equal access to all papers, documents and advice.</p> |
| <p>H. Scope</p> | <p><i>That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.</i></p> |
| <p><u>Haringey position</u></p> | <p>Fully compliant. The Committee's terms of reference include the wide range of pensions issues – investment, funding, administration, admission and budgeting.</p> |
| <p>I. Publicity</p> | <p><i>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.</i></p> |
| <p><u>Haringey position</u></p> | <p>Fully compliant. The Governance Compliance Statement is circulated to all employers in the Pension Fund and published on the Council's website.</p> |