

Governance Report

2008-09

London Pensions Fund Authority



Introduction

This Report describes how the Authority is led, directed and managed to ensure that the agreed aims and objectives are achieved. LPFA's corporate governance framework is modelled on guidance issued by the Chartered Institute of Public Finance and Accountancy for Non-Departmental Public Bodies and The Society of Local Authority Chief Executives and Senior Managers. It has, however, been adjusted to reflect best local government practice as it applies to LPFA given its unique status as a statutory corporation and pensions fund administrator.

In 2007 Board Members gave authority to seek independent legal advice on LPFA's governance arrangements. The review had the overall aim of establishing a robust, modern governance framework incorporating current best practice and legislative developments and resulted in the creation of a Constitutional Document bringing together all of LPFA's governing documents and codes, which had been reviewed, updated and approved by Board.

The review was progressed during 2008-09, but focussed on the needs of LPFA staff, by the production of a governance handbook for all staff, specific guidance for managers and clarification of the responsibilities of the Principal Officers.

Statutory constitution

The LPFA was established as a Public Body on 31st October 1989 by 'The Local Government Reorganisation (Pensions etc.) Order 1989' [SI 1815]. The Order is the primary instrument for the LPFA's powers and duties which, in the context of Fund administration, are very similar to those of local government authorities. Subsequent to that Order, further powers and duties, mainly to do with post GLC residual issues, have been transferred to the Authority.

Sources of funding

The LPFA has three primary sources of funding for its activities: the Pension Fund, charges for Agency services, and a levy on London boroughs.

The Constitutional Document

A Constitutional document was adopted by the Board at its meeting in April 2008 and brings together all the governing documents, codes and guidance notes into one comprehensive document. The Document contains:

- Standing Orders
- Matters reserved for decision by the Board

- Terms of Reference of the Standing Committees
- Code of Conduct for Members
- Code of Best Practice for Members
- Scheme of Delegations to Officers
- Contract Standing Orders
- The Code of Conduct for Officers

The Document is provided to all Board members and senior officers of the Authority but is also published on the corporate website at www.lpfa.org.uk. A Staff Governance handbook was produced during the year and is the key source of reference for staff in relation to the Authority's Codes of Practice.

The Board

has a fiduciary duty to:

- the members of the Fund to ensure monies are collected, that benefits are calculated
- correctly and paid promptly, and that any surplus monies are properly and prudently invested;
- employing authorities in the Fund for maintaining the agreed funding strategy; and
- to the council tax payers of London in respect of expenditure falling to be met from the levy.

and is accountable to:

- the Mayor and the Greater London Authority (GLA) for the proper management of the Authority's affairs;
- the employing authorities in the Fund and scheme members for the proper administration of the Scheme; and
- to agency clients for the operation of their administration contracts.

Board appointments

These are the responsibility of the Mayor and the process is operated by the GLA in consultation with London Councils and other interested parties. It is by open advertisement and subject to independent scrutiny. Three Board Member contracts expired during the year; Neil Newton (Chairman), Michael Ward (Deputy Chairman) and Jenny Rosser left the Board on 31st December 2008. These Members were replaced by three new appointments with effect from 1st January 2009; Anthony Mayer, Angela Pober and Sarah Smart were appointed, following consultation with London Councils, maintaining the Board at its full complement of 11 members.

Anthony Mayer was appointed as Chairman and an existing Board Member, Michael Deakin, was appointed Deputy Chairman with effect from 1st January. Member biographies are show at page 11.

Board Member	Appointment Period	Skills	Committee
Anthony Mayer Chairman	1st Jan 2009 to 31st Dec 2012	Public Administration	Performance and Administration (Chair) Investment
Michael Deakin	1st Jan 2006 to 31st Dec 2012	Actuary Investment Management	Investment (Chair)
Bill Roots	1st July 2001 – 31st Dec 2012	Accountant Public Administration	Audit (Chair) Performance and Administration
Niaz Alam	1st July 2001 – 31st Dec 2012	Responsible Investment Human Rights	Remuneration (Chair) Audit
Michael Cassidy	1st Mar 2007 – 30th Sept 2010	Lawyer Public Administration	Investment
John Cox	1st Mar 2007 – 30th Sept 2010	Chartered Accountant Public Administration	Audit Remuneration
Shiria Khatun	1st Aug 2007 – 30th Sept 2010	Public Administration Culture Training	Performance and Administration Remuneration
Peter Lang	1st Aug 2007 – 30th Sept 2010	Ethical Investments Environmental issues	Investment
Icki Iqbal	1st Jan 2006 to 31st Dec 2012	Actuary Financial management	Audit Performance and Administration
Sarah Smart	1st Jan 2009 – 31st Dec 2012	Accountant Investment Management	Investment
Angela Pober	1st Jan 2009 – 31st Dec 2012	Project Management Management Consultancy	Performance and Administration Remuneration

Board responsibilities

Board

- the governance of the LPFA
- the submission of a Strategic Policy Statement and a Budget Statement to the Mayor each year
- the issue and raising of a levy each year
- directing and monitoring the Executive

All Board meetings are open to the public although they may not participate in proceedings. The Board met 5 times during the year and considered a total of 54 reports from the Executive as well as reports from the Committees. The Board considered reports on the Strategy and Budget Statements, governance, the levy, the valuation, equalities, risk management, the LGPS and the staff development programme.

The Board held away-days in September 2008 and March 2009 where they set the scene for the three year Strategic Plan 2009 to 2012, reaffirmed the Mission Statement and Strategic Objectives. They also discussed the implementation of the new LGPS, the sustainability of the fund and how LPFA would position itself in the future to become a leaner, fitter and more cost efficient organisation.

Board Member Training

Following certain Board Meetings throughout the year, time is set aside for training and familiarisation: this tends to be a formal presentation from a Fund Manager, Officers, or the Fund's Actuary on a specific topic relevant to all Board Members. At the end of each calendar year, LPFA's Chairman meets with Board Members individually after they have completed a Self-Assessment Form to identify their strengths and weaknesses against an in-house skills matrix. The Chairman also sets objectives for the following year for members where this is required. The Chairman and Chief Executive then agree the Programme of Collective and Individual Training, informing each member accordingly. For 2009 training scheduled includes: Private equity, infrastructure funds, hedge funds, valuation processes and assumptions, custody arrangements and currency.

The Standing Committees

Much of the substantive work of the Board is now conducted through four standing committees. Each Committee is empowered to carry out the specific duties set out in its terms of reference. Beyond these specific delegated powers, the Committee acts as an advisory body with no executive powers, but is authorised to investigate any activity relating to or compatible with its terms of reference. Except where the Committee has been specifically authorised by the Board, the Committee will make recommendations for determination by the Board.

The terms of reference of each of the Standing Committees were reviewed by the Board as part of the governance review and are generally reviewed annually at the first meeting of the calendar year. The terms of reference of each Committee are included in the Constitutional Document as are items reserved for Board determination.

Investment Committee

- the determination of, monitoring and review of the investment strategy
- the monitoring of the investment management arrangements against targets set
- monitoring compliance of investment processes

The committee met 4 times during the year and considered 21 reports covering the terms of reference of the Committee, investment strategy, manager performance, compliance reports, responsible investing, alternative assets, portfolio rebalancing and risk measurement.

Audit Committee

- annual statement of accounts
- the monitoring of financial performance
- internal control systems, risk management and ethical standards
- internal and external audit

The Committee met 3 times during the year and considered 30 reports covering the terms of reference of the Committee, the statement of accounts, external and internal audit reports, risk management, fraud, financial monitoring, treasury management compliance and residual liabilities. The Chairman of the Committee formally reviewed registers of interests and hospitality at each meeting.

Performance and Administration Committee

- the preparation and monitoring of the rolling 3 year performance plan
- the development of new business initiatives and business growth
- Local Government Pension Scheme
- Fund valuations and communication with employers

The Committee met 4 times during the year, and considered 29 reports covering the terms of reference of the Committee, business operations monitoring, new business initiatives, performance monitoring, the Local Government Pension Scheme, Fund valuation and intervaluation monitoring, staffing, accommodation and Health and Safety.

Remuneration Committee

- reviewing executive performance and pay
- ensuring that the performance appraisal process accords with best practice
- reviewing amendments to the staff pay structure

There were 2 meetings of the Committee during 2008-09 and members considered the pay and performance of senior management, contractual terms and the terms of reference of the Committee.

Advisers to the Board

The Board has two independent external investment advisers who attend meetings of the Investment Committee and report annually on LPFA's investment actions. The Fund Actuary are Hymans Robertson and representatives attend meetings of the Investment Committee to advise on funding and liabilities as they impact on investment strategy.

Corporate Management

The Corporate Management Team is responsible for implementing the Board's decisions and for the day-to-day management of the Authority's affairs.

Chief Executive Mike Taylor leads the strategic, long term development of the LPFA.

Investment Director Vanessa James is responsible for investment policy and strategy, the investment management arrangements, monitoring the performance of the Fund and investment managers against the targets set.

Director of Organisational Development, Susan Martin, has responsibility for Human Resources and has a brief to work across the authority to review, shape and position LPFA.

Pensions Administration is managed by two Assistant Directors, Annemarie Allen and Mike Allen, who report directly to the Chief Executive. They deliver the core functions of pension administration including central processing, pensions and staff payroll and technical training.

Corporate Resources Director Amanda Walker left the Authority during 2008-09 and was replaced as LPFA's Chief Financial Officer by Adrian Bloomfield. Jeff Houston, Assistant Director, Corporate Resources continued to be responsible for the provision of indirect services including facilities management, E-business, Board secretariat, performance monitoring, communications and finance.

Reporting and controls

External Review

LPFA is subject to external audit by the District Auditor, appointed by the Audit Commission. They ensure that public funds are properly safeguarded and accounted for, and provide value for money in accordance with the statutory and regulatory requirements. An Annual Governance Report provides their opinion on the financial statements and a value for money conclusion.

Internal Review and Control

PricewaterhouseCoopers provide internal audit arrangements within the LPFA, both as a tool of management and with direct reporting to LPFA's Audit Committee. Their audit reviews take place on a phased basis throughout the financial year and their recommendations are reported to each Audit Committee meeting and progress against each recommendation closely monitored.

Strategic Policy Statement

The Authority submitted a Strategic Policy Statement to the Mayor by the 31st December setting out LPFA's objectives and plans over the three year period from April 2009 to March 2012. The plan is spearheaded by a Mission Statement and five Strategic Objectives which will be delivered by a number of strategic programmes. All managers and their teams were engaged in the process to ensure consultation, coverage and links to budgets.

Annual Report and Accounts

The Annual Report and Accounts comprises the Annual Report, a Performance Report, a Governance Report, an Investment Report and a Financial Report. The LGPS Administration Regulations 2008 introduced a requirement to produce a 'pension fund annual report' comprising the reports detailed above and the Funding Strategy Statement, the Statement of Investment Principles and the Communications Policy Statement.

The Authority has decided to publish these documents in electronic form on its website.

System of Internal Control

The Accounts and Audit Regulations 2003 previously set out the formal requirement to publish a Statement on Internal Control with the financial statements. This has now been incorporated into the Annual Governance Statement for 2008-09. The Authority is required to review, at least once a year, the effectiveness of its system of internal control and this is conducted separately from the accounts by LPFA's Audit Committee.

Risk Management

Risk management is a standing item on Audit Committee agendas and the corporate risk register and the Authority's risk appetite statement are regularly reviewed by both the Audit Committee and Board.

Fraud and irregularity

There were no incidences reported during the year. The Fraud Control Framework setting out the Authority's approach and commitment to fraud prevention and detection was maintained and an action plan for 2009-10 is being produced for approval by Audit Committee. LPFA participated in the National Fraud Initiative (NFI) exercise, and carries out life certificate exercises in non NFI years.

Representation

The Fund Member Panel met following each meeting of the Board. Discussion in the Panel meetings included the governance aspects of LPFA, communications, and customer care. During the year members received presentations on the investment strategy and on LPFA's strategic objectives and vision. The Chairman and Chief Executive attend each meeting.

The Fund Member Forum was held in September 2008 and contained presentations from the Chief Executive and Chairman. External speakers at the event were Nicholas Parsons and Anthony Hilton. This event gives Fund Members an opportunity to engage with the executive.

Public Policy statements

The following public policy statements are reviewed at least annually and published on LPFA's website:

<http://www.lpfa.org.uk/about/publications/publicpolicy/index.aspx>

Statement of Investment Principles (SIP)

The Statement of Investment Principles (SIP) provides an overview of the responsibilities, process and conduct in the management of the LPFA pension fund investments. The SIP was amended to reflect current best practices and was formally approved by the Board in December 2008 to reflect the changes in investment strategy and the new management arrangements.

Funding Strategy Statement (FSS)

The purpose of this statement is to establish a clear and transparent fund specific strategy which identifies how employers' pension liabilities are best met in future years, to keep their contribution rates as constant as possible and to take a prudent longer-term view of funding those liabilities. It is available on the LPFA web site and was reviewed and amended during 2007-08 as part of the 2007 Fund valuation.

Governance Policy Statement Revised 9th October 2008

The LGPS Governance Statement sets out how the administration of the Fund is governed. Each administering authority is required to publish a governance statement and also to explain their compliance with a set of best practice principles issued by Communities and Local Government. Compliance statements are intended to ensure transparency, accountability and stakeholder involvement. The LPFA has no power to appoint additional Board members but, as part of the governance review, an amendment was made to LPFA's Standing Orders which allows the Board, at some future date, to appoint lay members (without voting rights) to the Board and/or its Committees if it so wishes.

LPFA has a unique constitution among administering authorities and for many years has supported representation via observers, public meetings and through consultation with Fund Member and employer representatives

The Statement sets out how the administration of the Fund is governed and shows LPFA's compliance with a set of best practice principles issued by Communities and Local Government.

Communications Policy Statement

This describes how the LPFA provides information and publicity relating to the Scheme, and the frequency, format and method of distribution, to members, representatives, employers and potential members of the Scheme.

Corporate Equality Plan (CEP)

An updated Equalities and Diversity Policy was approved by the Board in March 2009. It replaces the LPFA's Comprehensive Equality Policy which was first published in 2003 and last amended in 2005. The revised Policy sets the scene for the Customer Care Programme being developed for 2009 which will, in part, ensure the LPFA provides a high level of service to different audiences. The Policy commits Officers to a comprehensive review of equality, diversity and inclusion across the organisation during 2010-11.

Environmental Plan

LPFA's Environmental Plan is in line with the Mayor's Green Procurement Code and current best practice.

Key performance indicators have been set covering paper purchases, printing costs per customer, waste disposal, waste per member of staff and the recycle rate of waste.

The 'approved supplier' register was maintained during the year and confirms that LPFA seeks to do business only with suppliers and contractors who have environmental (and Health & Safety and Equality) policies compatible with LPFA's.

Exercise of Discretions under LGPS

Under the LGPS Administration Regulations 2008, the LPFA was required to produce a written statement of its policy in relation to the exercise of its functions under four specific areas of discretion; these have been published on the Fund member website.

Health & Safety

Officers monitor performance with regard to Health and Safety and report annually to the Board. The report, available on the corporate website, covers accidents, general fire safety, electrical equipment, display screen equipment, housekeeping and premises, training, and emergency procedures.

Freedom of Information (FOI) Scheme

During 2008-09 a total of 11 requests for information were received. These were in respect of private equity investment, valuation reports and investment in the arms trade. The Chairman reviews all requests and is formally made aware of cases of non-disclosure. All of the 11 requests were satisfied within the statutory timescales.

Standards of behaviour

The Code of Conduct and Codes of Best Practice for Board members were reviewed as part of the general governance review. They were amended to mirror the provisions of the Local Authority Code of Conduct and also introduced a regime of self regulation in terms of standards of conduct.

Staff code of conduct

The code of conduct was revised as part of the governance review resulting in the creation of a staff register of interests and areas of conflict relating to suppliers. The Code is published in the Staff Governance handbook

Board Members and advisers



Anthony Mayer, was appointed as LPFA's new Chairman succeeding Neil Newton who had been Chairman for eight years. Anthony Mayer is an Oxford graduate who began a Civil Service career in 1967 based in the Department of the Environment. He was a member of the Central Policy Review Staff and principal private secretary to the Secretary of State for Transport between 1980 and 1982. He left the Civil Service in 1985 to join the merchant bankers N.M. Rothschild & Sons where he remained until 1991 when he became Chief Executive of the Housing Corporation. He was appointed interim chief executive of TfL when it came into existence and became the Chief Executive of the GLA in October 2000. As GLA Chief Executive Anthony was a guest speaker at the Fund Members Forum in 2005. He is currently Chair of the Tenant Services Authority, the new Regulator for affordable housing, and an adviser on electoral processes to INDRA, a leading Spanish Information Technology company.



Niaz Alam is Deputy Director of the Ethical Trading Initiative. A solicitor by background, he has worked on corporate responsibility and ethical investment issues since 1992. He was formerly Head of Social Issues at EIRIS where he worked for eleven years. An active trustee, Niaz is elected vice-chair of the development charity War on Want and a member of the BBC Appeals Advisory Committee.



Michael Cassidy has practised law in the City for 38 years principally representing the UK's largest pension fund organisation on their investments. In parallel, he has pursued a local government career at the Corporation of London, first as Planning Chairman, then Leader of the Council. He has Chaired the Barbican Arts Centre and, more recently, the Museum of London. He has been President of the London Chamber of Commerce and was awarded the CBE for services to the City in 2004. In recent years, opportunities have arisen in the area of overseas companies listed on AIM, the most prominent one being Trinity Capital which invests in Indian property and infrastructure projects. He served for 10 years on the board of British Land and for 8 years at UBS Ltd. More recently he has moved into the healthcare sector as Chairman of Homerton Hospital.



John Cox is a Chartered Accountant. He is also a Councillor at the Royal Borough of Kensington & Chelsea and Chairs both the Investment Committee and the OSC for Family and Children's Services and is Vice Chairman of the Planning Services and Major Planning Development Committees and the Computer and Communications Advisory Group as well as sitting on the Audit Committee. In addition, he is a Non-Executive Director of the West London Mental Health NHS Trust.



Michael Deakin is currently a Non Executive Director of the Pension Protection Fund. He is a Director and founder of Michael Deakin Consultancy Ltd since October 2003 and is also Chairman of Manifest Information Services Ltd. Prior to this, Michael was Chief Investment Officer and an Executive Director of Insight Investment, the asset management business of Halifax Bank of Scotland, where he controlled over £65 billion of assets and managed and built a team of 150 investment professionals covering equity, fixed income and property fund management. He is also a trustee of the HBOS Final Salary Pension Scheme. Michael was educated at Bristol University and is an actuary.



Icki Iqbal retired as a Director after 8 years at Deloitte & Touche, formerly Bacon & Woodrow actuaries. Prior to this he was Assistant MD of Royal Life Holdings and Group Marketing Actuary of Sun Life. He is an actuary with extensive experience in all aspects of retail financial services businesses and an author of several published reports on actuarial and marketing themes.



Shiria Khatun was appointed to the Board with effect from on 1st August 2007. She is a community activist with a passion for helping young people, women and the disadvantaged to better themselves and to move up the income and social ladder. Shiria was elected as a Labour Councillor for Tower Hamlets in 2006. Married with a young family, Shiria is a lead Cabinet member for culture at the LB Tower Hamlets and is the Mayor's Special Advisor for Transport for London. She is also a Board member for a number of organisations in the area such as the Rich Mix Culture Centre and has started a few community organisations and forums. She currently works for a voluntary organisation around training young unemployed people for work.



Peter Lang joined the LPFA Board on 1st August 2007 following the Mayor's acceptance of his recommendation from the Green Party group on the London Assembly. Peter has been an environmental consultant for most of his working life having spent the past 25 years lobbying and campaigning on environmental issues. He brings to the Board a clear focus on what the LPFA needs to do in terms of being fully aware of how environmental factors affect financial institutions and will encourage the Board to consider these issues vis a vis our investment strategy. Peter, in 1996, was one of the first to write a book on ethical investments and founded an organisation called "Green and Away" which ran the first environmentally friendly conference centre in the country. He currently chairs its board of trustees. He also lectures on culture and ecology and works with various organisations on a wide range of projects.



Angela Pober was appointed to the Board with effect from 1st January 2009. She has 20 years experience in running projects and directing programmes. In 2006 Angela was runner-up in both the prestigious Interim Manager of the Year and Project Manager of the Year awards. Her most recent clients have been Footsie 50 Financial Services and Retail organizations including JP Morgan, Banque Paribas, Barclays, Tesco and Zurich Financial Services. She is currently a Management Consultant with Indigovine having done consultancy work at Deloitte & Touche and Accenture. She was educated at Loughborough University, and achieved a MBA at Ashridge Business School and is a member of the Chartered Institute of Marketing



Bill Roots was Chief Executive and Director of Finance of Westminster City Council 1994-2000. He was previously Director of Finance and Deputy Managing Director from 1990 to 1994. Prior to that he was Director of Finance of the LB of Bexley for eight years and prior to that he worked for Southwark and the GLC. Bill is a CIPFA member, a former examiner and has sat on numerous national working parties representing the local authority associations. He was Chairman of the London Financial Advisory Committee for ten years until 2000, a former President of the Society of London Treasurers and was President of the Association of Local Authority Treasurers Societies in 1999-2000. He is now an independent consultant operating in central government, local government and the wider public sector. He was a member of the Gershon Efficiency Review team and has undertaken a number of roles for the (as was) Office of the Deputy Prime Minister in recent times. He was also the Chairman of a small company providing revenue and benefit services.



Sarah Smart was appointed to the board with effect from 1st January 2009. She is a Director and founder of SmartCats Consulting and Chair to the Trustees of the Macmillan Cancer Support Pension Scheme. Having studied Classics at Oxford University, Sarah moved to Edinburgh and qualified as a Chartered Accountant in 1998. In 1999 Sarah moved to Standard Life Investments, where she remained until 2008 working in a number of different roles covering a wide variety of asset classes, including real estate, hedge funds and derivative strategies. Latterly she was responsible for building the infrastructure to support a multi-billion pound liability-driven investment business. Sarah's work as a pension trustee began in 2004, when she became a member nominated trustee of the Standard Life Staff Pension Scheme. Since then Sarah has acted as a trustee for six other pension schemes, including three appointments as Chair to the trustees and two appointments as sole trustee. She is currently a member of the Pensions Working Party for the Institute of Chartered Accountants of Scotland.

Investment Advisers



Peter Moon has been Chief Investment Officer at the Universities Superannuation Scheme (Fund Value £27.5 billion) since 1992. He was a member of the NAPF Investment Committee (1990-1995) and Chairman of the NAPF Stock Exchange Sub-Committee (1991-1995). He is also investment adviser to Middlesborough Council, he is director to MBNA Europe and The Scottish American Investment Company.



David Rough was Head of Investment with Legal and General group plc, 1991 to 2001, and with Royal Insurance 1984 to 1988. He is currently on the boards' of Xstrata, Land Securities and Friends Provident



John Dickson Investment Consultant, is Hymans Robertson's Senior Investment Partner and a Fellow of the Faculty of Actuaries. He is head of investment consultancy within the firm, with overall responsibility for research and advice given to clients. John is also a member of the Hymans Robertson board, which has responsibility for the overall strategic direction of the firm. He is also on the Council of the Faculty of Actuaries and the Joint Council of the Faculty and Institute, as well as the Pensions Consultations Group within the Actuarial Profession.

LPFA's Governance Compliance Statement

Governance Policy Statement

The LPFA was established as a Public Body on 31st October 1989 by 'The Local Government Reorganisation (Pensions etc.) Order 1989' [SI 1815]. The Order is the primary instrument for the LPFA's powers and duties, which in the context of the Fund administration are very similar to those of local government authorities.

Appointments to the Board, and thereby the assignment of voting rights, are the responsibility of the Mayor in accordance with the provisions of SI No. 1815 which require there to be between seven and eleven members, of which one half, excluding the chairman, are to be appointed following consultation with representatives of local government in London.

The appointment process is operated by the Greater London Authority, and is by open advertisement and subject to independent scrutiny. The terms and conditions of appointment are set out in a formal letter which includes the length of appointment, remuneration, and details of the role and responsibilities of members.

The LPFA Board operates under a framework of corporate governance and undertakes its responsibilities with reference to Standing Orders, which are similar to those found in all local authorities and prescribe all activities relating to the conduct of Board business. These Standing Orders are incorporated into the Authority's Constitutional document and represent the fundamental underpin of corporate governance; they may only be amended by formal approval of the Board.

The Constitutional document details matters reserved for decision by the Board and outlines the terms of reference of the two principal standing committees ~ Investment and Performance and Administration. The governance arrangements of the LPFA are monitored and reviewed by the Audit Committee as part of the arrangements for internal control.

The Committees have certain delegated powers and are empowered to carry out specific duties set out in their terms of reference and these are shown in the Constitutional document which can be accessed from the LPFA web site www.lpfa.org.uk

All meetings of the Board are open to the public. Currently the Board meets five times a year, the Investment Committee four times and the Performance and Administration Committee quarterly.

The principal officers of the LPFA have certain statutory and formal responsibilities. Executive powers are delegated to the principal officers under scheme of delegations which sets the parameters within which the officers can implement Board and Committee decisions and operate the day-to-day business of LPFA.

While there are currently no employer or fund members on the Board, representation is facilitated through the use of the Fund member panel, the employer panel and the HE Sector Consultation Group covering universities and colleges.

The panels meet at least twice a year and all panel members are invited to attend Board meetings as an observer. The activities of the panels and the consultation group are reported to the Board.

This policy statement will be reviewed annually, and revised and re-published following any material change in the above arrangements.

*Approved by Board 2nd February 2006
Revised 5th October 2006,
Revised 7th February 2008
Revised 9th October 2008*

Governance Compliance Statement

Guiding principles	LPFA position
<p>Structure</p> <p>a. The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee (LPFA Board) established by the appointing council.</p>	Fully compliant.
<p>b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main (LPFA Board) or secondary committee (LPFA's sub-committees) established to underpin the work of the main committee.</p>	<p>Not compliant.</p> <p>Currently, there are no representatives from within the Fund membership or participating employers on the LPFA Board or any of its Committees. LPFA's constitution is such that only the London's Mayor can appoint Board members and, for many years, LPFA has pursued representation via observers, public meetings and through consultation with Fund Member and employer panels. However, the Authority's Standing Orders have recently been amended to allow for the appointment of lay members (without voting rights) to the Board and / or its Committees at the discretion of the Board.</p>
<p>c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</p>	Fully compliant.
<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>	Fully compliant.
<p>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, eg, admitted bodies); ii. scheme members (including deferred and pensioner scheme members), iii. where appropriate, independent professional observers, and iv. expert advisors (on an ad-hoc basis). 	<p>Not compliant.</p> <p>Currently, there is no representation from within the Fund membership or participating employers on the LPFA Board or any of its Committees.</p> <p>There are, however, 2 independent investment advisers who attend meetings of the Investment Committee</p> <p>All Board meetings are held in public and members of the public in attendance are provided with copies of all public reports.</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.	Not compliant. Currently there are no lay members on the Board or its Committees.
Selection and role of lay members a. 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.	Not compliant. Currently there are no lay members on the Board or its Committees.
b. That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Fully compliant
Voting a. 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.	Not compliant. The Authority's policy on voting is laid out in Standing Orders which are incorporated in the Constitutional document which is available via the LPFA's website. Currently there are no lay members on the Board or its Committees.
Training / Facility / Expenses a. 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.	Fully compliant
b. 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.	Fully compliant
c. That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	Fully compliant

<p>Meetings</p> <p>a. That an administering authority's main committee or committees meet at least quarterly.</p>	Fully compliant
<p>b. 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.</p>	Fully compliant
<p>c. That an administering authority who does 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</p>	Fully compliant
<p>Access</p> <p>a. That subject to any rules in the councils 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.</p>	Fully compliant
<p>Scope</p> <p>a. That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements</p>	Fully compliant
<p>Publicity</p> <p>a. 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, can express an interest in wanting to be part of those arrangements.</p>	Fully compliant



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Photocopies of this report are available at copying and postage costs.
Please contact communications@lpfa.org.uk if you would like a photocopy of this document.

This document forms part of the suite of full Annual Report and Accounts 2008-09. The following documents are available on the LPFA website: Summary Annual Report, Annual Investment Report, Annual Accounts, Performance Report. In addition, LPFA has also published on our website www.lpfa.org.uk, a Funding Strategy Statement, Statement of Investment Principles and a Communications Policy Statement.