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London Pensions Fund Authority
**LGPS Governance
Compliance Statement**

September 2020



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The LPFA was established as a Public Body on 31st October 1989 by 'The Local Government Reorganisation (Pensions etc.) Order 1989' [SI No. 1815]. The Order was 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.

The LPFA is an administering authority of the local government pension scheme (LGPS) and this Compliance Statement is made pursuant to Regulation 55 of The LGPS Regulations 2013. The LPFA has also adopted the Local Code of Corporate Governance (Code) reflecting the seven core principles of good governance, as identified in the 'Delivering Good Governance in Local Government: Framework' (CIPFA/Solace, 2016 Edition)). This Code captures the full range of LPFA's statutory responsibilities and governance activities. It can be accessed from the LPFA web site www.lpfa.org.uk.

From April 2016, the majority of LPFA's functions were outsourced to the Local Pensions Partnership Ltd (LPP Group) under a Service Level Agreement (SLA). The LPP Group is a business jointly owned by the LPFA with Lancashire County Council. As a joint shareholder and as a client, the LPFA has an important role in ensuring that the LPP remains accountable and provides the necessary assurance to the Authority that services are being delivered. The LPFA Board remain answerable for the statutory and regulatory responsibilities of the Authority and a statutory corporation. The LPFA is responsible for the strategic aspect of pension fund management; however, the implementation of the LPFA Board's strategy and policies are carried out by LPP.

Appointments to the LPFA Board are the responsibility of the Mayor of London in accordance with the provisions of SI No. 1815 which require there to be between seven and eleven members, of which at least one half, excluding the chairman, are to be appointed following consultation with representatives of local government in London. The Mayor of London appoints a chairman and may appoint a deputy chairman of the LPFA.

The appointment process is operated by the Greater London Authority (GLA) and is by open advertisement and subject to independent scrutiny. The terms and conditions of appointment are set out in a formal letter from the GLA 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 (SO), which were based on similar SO's to those found in local authorities, and prescribe all activities relating to the conduct of LPFA Board business. These SO's form a section of LPFA's Constitutional document and represents a key aspect of LPFA's corporate governance; they may only be amended by unanimous formal approval of the Board.

The Constitutional document details matters reserved for decision by the Board and contains the terms of reference (ToR) of the Audit and Risk Committee (ARC) and Local Pension Board (LPB). The ARC and LPB have certain delegated powers and are empowered to carry out specific duties, as outlined in their ToR. The governance arrangements of the LPFA are monitored and reviewed by the ARC as part of the oversight of internal controls. The LPB has a first core function to assist the LPFA with compliance to governance of the Fund. The LPFA Constitutional document can be accessed on the LPFA web site www.lpfa.org.uk under the Governance & Strategy Section of 'What we publish'.

The Board meets five times a year, with the ARC and LPB convening at least four times a year.

The LPFA Principal Officers have certain statutory functions and formal responsibilities. Executive powers are delegated to the Principal Officers under the 'Scheme of Delegations to Officers' which sets the parameters within which the officers can exercise the powers delegated under the scheme and operate the day-to-day business of LPFA.

The Public Service Pensions Act 2013 (sections 5 (1) and (2)), established the role of the LPB and is a sub-committee. It is distinct from LPFA's Standing Committee (ARC). The LPB assists the LPFA with securing compliance with the LGPS regulations but is not a decision-making body itself. Comprised of member and employer representatives plus an independent Chair, the LPB provide an additional layer of compliance and governance to the administration of the LPFA.

Member representation also continues to be facilitated through the use of the annual Fund Member Forum. All members of the public are invited to observers the public session of the LPFA Board meetings.

This policy statement will be regularly reviewed, subject to material changes being made to the content, and after Board and Committee approval a revised statement will be published.

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>	<p>Fully compliant.</p> <p>The Board receives regular updates at their meetings, at least on a quarterly basis.</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 (LPFA Board) or secondary committee (LPFA's sub-committees) established to underpin the work of the main committee.</p>	<p>Fully compliant.</p> <p>The LPB, created by Regulation and as a sub-committee, is distinct from the LPFA's Stand Committee. There are total of eight representatives (four from within the Fund membership and four from participating employers on the LPFA LPB, in addition to the Independent Chair.</p>
<p>c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.</p>	<p>Fully compliant.</p> <p>All minutes from the LPFA standing Committees, informal panels and the LPB are reviewed by the LPFA Board to ensure that Board members are informed. The approved Corporate and Strategic meeting minutes of the LPFA Board is also shared with the LPB.</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>Fully compliant in regard to LPFA Standing Committees.</p> <p>The LPB members do not have a seat on the LPFA Board. However, LPB members are encouraged to attend the public and training sessions of LPFA Board Meetings. The LPB Chair also has a standing invitation to present the LPB Annual Report at a LPFA Board meeting</p>
<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> <p>i) employing authorities (including non-scheme employers, e.g., admitted bodies),</p> <p>ii) scheme members (including deferred and pensioner scheme members),</p> <p>iii) where appropriate, independent professional observers, and</p> <p>iv) expert advisors (on an ad-hoc basis).</p>	<p>Fully compliant.</p> <p>Members of the LPB do not have a seat on the LPFA Board however there is representation via feedback and recommendations provided to the LPFA Board and the LPB Chair attends the meeting to present an annual report of activities.</p> <p>i) Employer representatives are selected from LPFA's three main employer groupings - London's Local Government, Higher Education sector and admitted bodies/charities.</p> <p>ii) Member representatives are selected from the active, pensioner and deferred membership.</p> <p>iii) Board meetings are held in public and members of the public in attendance are provided with copies of all public reports via the website.</p> <p>iv) Expert advisors such as lawyers or actuaries are invited to attend Board meetings on a required basis.</p>
<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>	<p>Fully compliant.</p> <p>The LPP Company Secretarial Team via the SLA between LPFA and LPP provides support to the LPFA Board, Standing Committees and the LPB</p> <p>The same regulations apply in terms of access to papers and meetings to all formal meetings.</p> <p>LPFA provides effective induction and training to members of the Board/Standing Committees/LPB</p> <p>The LPB reports back to the LPFA Board. An Independent Chair (without voting rights) reports back to the LPFA Board on an annual basis.</p>
<p>Selection and role of lay members</p> <p>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.</p>	<p>Fully compliant.</p> <p>This is covered in the LPFAs Board Induction Programme and Members are encouraged to observe a standing committee or panel meeting. As part of the induction various documents are highlighted as part of a reading room or published on the website. These include the sections of the Constitutional Document (LPFA Standing Orders, Matters reserved for decision by the Board, Terms of Reference of the Standing Committees, and The LPFA LPB Terms of Reference).</p>
<p>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.</p>	<p>Fully Compliant.</p> <p>Recorded in the minutes, as well as part of an annual declarations and Third party transaction review at the start of every financial year.</p> <p>Members of Board, Standing Committees, and LPB comply with: the Code of Conduct for Members; and Conflicts Policy.</p>

Governance Compliance Statement continued

Guiding principles	LPFA position
<p>Voting</p> <p>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.</p>	<p>Fully compliant.</p> <p>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.</p>
<p>Training / Facility / Expenses</p> <p>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.</p>	<p>Fully compliant.</p> <p>LPFA has adopted the key recommendations of the CIPFA code of practice on public sector pensions finance knowledge and skills. A compliance statement has been embedded with the Boards training plan.</p> <p>A Framework on the reimbursement of expenses is available on LPFA's website, including the Gifts, Hospitality and Expenses Register which is approved for publication each quarter by the Audit and Risk Committee.</p>
<p>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.</p>	<p>Fully compliant.</p>
<p>c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.</p>	<p>Fully compliant.</p> <p>Training plan is reviewed by the Board and LPB on an annual basis following the appraisal process.</p>
<p>Meetings</p> <p>a) That an administering authority's main committee or committees meet at least quarterly.</p>	<p>Fully compliant.</p> <p>Meeting dates are published on LPFA's website with ARC and LPB meeting on a quarterly basis and the LPFA Board formally meeting five times a year.</p>
<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>	<p>Fully compliant.</p> <p>Meeting dates are published on LPFA's website. The ARC and LPB meetings are scheduled to take place prior to the LPFA Board meeting to allow any decisions to be escalated the appropriate decision making forum.</p>
<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>	<p>Fully compliant.</p> <p>Engagement with employer and member representatives is achieved via the LPFA LPB, the annual Fund Member Forum and the annual Employer Forum.</p>
<p>Access</p> <p>a) That subject to any rules in the 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>	<p>Fully compliant.</p> <p>All members of LPB are encouraged to attend and have access to the public session of LPFA .</p>
<p>Scope</p> <p>a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.</p>	<p>Fully compliant.</p> <p>Updates are considered by the ARC and LPB.</p>
<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>	<p>Fully compliant</p> <p>Governance arrangements are published via the Constitutional document and Local Code of Corporate Governance on the LPFA website.</p>

For more information, please contact:
corporate@lpfa.org.uk