

London Borough of Bexley Pension Fund

# Governance Compliance Statement



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#### Background

The Local Government Pension Scheme (Amendment) (No 3) Regulations 2007 require administering authorities to prepare and maintain a written statement of governance policy on pension fund matters. The statement is required to indicate the extent to which it complies with guidance given by the Secretary of State and to provide reasons for not complying.

***Governance is the leadership, direction and control of organisations to ensure they achieve their aims and objectives. In public service organisations particularly these processes need to be clear and open to scrutiny.***

#### Delegation of Pension Fund Management and Administration

The Council has delegated its pension fund management and administration functions to the Pensions Committee.

#### Pensions Committee Meetings

The Pensions Committee is scheduled to meet four times a year. Further meetings or sub-committees are arranged as necessary to deal with specific issues.

Committee meetings are generally held in the evenings at the Civic Offices in Bexleyheath, and are open to members of the public. All Committee members and observers have equal access to committee papers, documents and advice that falls to be considered at committee meetings.

Reports to the Pensions Committee are published on the Council's website.

#### Orders of Reference and Delegated Powers

The Orders of Reference for the Pensions Committee are:

- To oversee the management and investment of the Pension Fund.
- The appointment of Fund Managers and independent Fund Advisers and the review of their performance.
- Pension and retirement matters

The Delegated Powers of the Pensions Committee are as follows:

- To agree the investment strategy having regard to the advice of the Fund's managers and the independent adviser.
- To determine the Fund management arrangements and appointments of Fund Managers and Fund Advisers.
- To agree to the admission of bodies into the Council's Pension Scheme.
- To agree discretionary payments in respect of pension and retirement matters.
- To agree actuarial valuations

The Pension Fund operates under the Local Government Pension Scheme and publishes separately its Statement of Investment Principles, Funding Strategy Statement and Communications Policy Statement.

### Committee Membership

The committee consists of seven Members, with its membership allocated proportionally to party political representation on the full Council. The Committee also has three observers representing

- Admitted and scheduled bodies,
- Pensioners, and
- Employees

although these observers do not have voting rights.

Observers are given the opportunity to express their views on all issues considered by the Pensions Committee, but voting rights have not been extended to them as the risk arising from the decisions taken falls on the employers' contributions to the fund and the Members are accountable to the Council Taxpayers for this expenditure. In order to have voting rights eligible observers would need to be appointed/co-opted as members of the Committee.

Training sessions are made available to Members and observers to assist them in making informed investment decisions and to keep them informed on other matters concerning the Local Government Pension Scheme. A training budget is specifically provided for members and observers on the Pensions Committee, and they are able to reclaim expenses incurred in undertaking training and attending seminars. A log is kept of all training undertaken.

At the start of meetings Committee Members are invited to declare any financial or pecuniary interest related to matters on the agenda.

## Advice and Monitoring

The Pensions Committee is advised by the Director of Finance, the Deputy Head of Legal Services, the Fund's investment consultant and the Fund's investment managers. The Director of Finance is responsible for ensuring that the in-house team is providing adequate support to the Committee.

The investment managers present to the Committee at six monthly intervals on the implementation of the investment policy. In between Committee meetings they report to the Director of Finance on investment policy. The Pension Fund's performance is regularly assessed by an independent performance review organisation. The Fund's procedures are subject to audit and scrutiny by both the Council's internal audit team and by external auditors, the Audit Commission.

## Compliance

The Pension Fund complies with all the best practice principles issued under section 73A(1)(c) of the LGPS Regulations 1997 with the exception of:-

Principle B(a)(iii). Independent Professional Observers are not offered the opportunity to be represented on the Pensions Committee as it is felt that the existing membership of the Committee, including observers representing admitted bodies, pensioners and employees, cover the full spectrum of key stakeholders within the Pension Fund. The Committee takes professional advice on management and investment matters where necessary.

This statement issued in July 2008.

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