

# Lewisham Pension Fund – Annual Governance Compliance Statement – Sept 2022

## INTRODUCTION

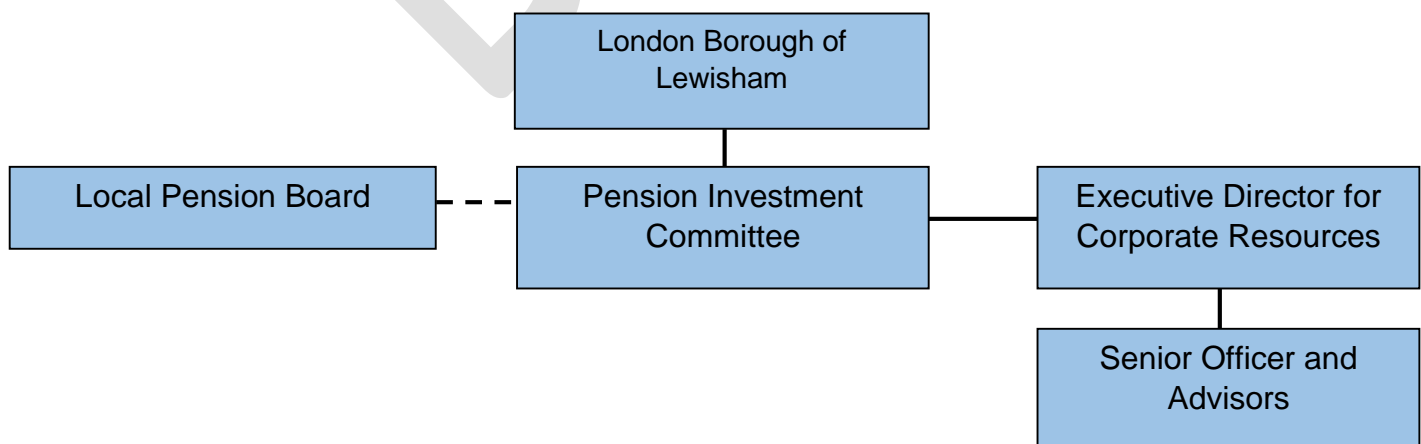
Regulation 55 of the Local Government Pension Scheme regulations 2013 requires all administering authorities for local government pension schemes to publish a Governance Compliance Statement setting out the Fund’s governance arrangements. It should outline the extent of the Fund’s compliance with guidance issued by the Secretary of State for Communities and Local Government (now DLUHC) and review that statement on an ongoing basis. This statement sets out the Fund’s Governance Structure, scheme of delegation, and the terms of reference for its Governing Bodies, the Pensions Committee and the Local Pensions Board.

## RELATIONSHIP WITH THE ADMINISTERING AUTHORITY – THE LONDON BOROUGH OF LEWISHAM

The London Borough of Lewisham (the Council) is the Administering Authority for the Lewisham Pension Fund (the Fund) under the Local Government Pension Scheme Regulations 2013 and is the Scheme Manager as defined by Section 4 of the Public Service Pension Act 2013. The Council is required, by virtue of the statutory provisions in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 to manage the Pension Fund’s assets and liabilities separately to those it holds to perform its functions as a local government authority and to carry out all other activities associated with the management and administration of the scheme, in accordance with legislation and statutory guidance for the benefit of its members, employers and other stakeholders.

## GOVERNANCE STRUCTURE

Under its constitution and in accordance with Section 101 of the Local Government Act 1972 the Council has delegated responsibility for the management of the Fund to the Pension Investment Committee and the Executive Director for Corporate Resources. As required by the Public Service Pensions Act 2013, the Council has also established a Local Pensions Board to assist in the good governance of the scheme by ensuring compliance with legislation and statutory guidance. The Fund’s Governance arrangements are outlined in the diagram below.



## **THE PENSION INVESTMENT COMMITTEE**

The Pension Investment Committee is responsible for exercising all of the functions that are required as an Administering Authority for a Local Government Pension Scheme under the Public Service Pensions Act 2013. Adhering to the principles required by Statutory Guidance, The Pensions Regulator's (TPR) Code of Practice and performing the duties set out in the Terms of Reference for the Pension Investment Committee as detailed in Article 9 of the Council's Constitution available on its website.

Members of the Pension Investment Committee are responsible for the Fund's activities, ensuring that the Fund is managed in the best interest of all its members, employers, and beneficiaries. Members of the Pension Investment Committee must therefore take a non-political approach to the decisions they take.

The key duties as set out in the terms of reference include:

- review with fund managers of the investment performance of the superannuation fund on a quarterly basis;
- to examine the portfolio of investments, and its market value, at the end of each quarter for suitability and diversification;
- to inform the fund managers of the Council's policy regarding investment of its superannuation funds, and to take advice on the possible effect on performance resulting from implementing the policy;
- to review from time to time the appointment of the fund manager;
- to determine the overall investment strategy and policies of the fund on professional advice;
- responsibility for compliance with the ten Myners principles incorporated in the "CIPFA Pensions Panel Principles for Investment Decision Making" and all other relevant guidance in relation to the Local Government Pension Scheme in force and issued by CIPFA from time to time

The Pensions Investment Committee comprises eight Members of the Council who have voting rights, and meets at least quarterly. Each Councillor has one vote with the Chair having the casting vote. At the start of each meeting Committee Members are invited to declare any financial or pecuniary interest related to specific matters on the agenda. The Committee takes advice from its independent investment consultant and permits attendance from non-voting observers comprised of pensioners, admitted and scheduled bodies, union officials, and members of the Local Pension Board.

## **LOCAL PENSIONS BOARD**

As required by the Public Service Pensions Act 2013, the Council as administering authority established the Local Pensions Board to assist in the good governance of the scheme by ensuring the Fund's compliance with legislation and statutory guidance. The terms of reference for the Local Pensions Board are available in the Council's Constitution and on the Fund's website.

The purpose of the Board is to assist the London Borough of Lewisham in its role as a scheme manager of the Scheme. Such assistance is to:

- (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pension Regulator in relation to the Scheme; and
- (b) to ensure the effective and efficient governance and administration of the Scheme.

Pension Board members are non-political, they represent the Fund's members and employers (not political group, trade union or individual employer) and must consider the Fund's overriding objective, which is to pay members benefits when they fall due. The Pensions Board consists of five members, two employer, two scheme (member) representatives and an Independent Chair. All members apart from the Independent Chair may vote.

Further information with regards to representation on the Local Pensions Board can be found in the Pension Board Terms of Reference within the Council's Constitution, available on the Council's website.

In line with Pensions Committee, the Board also meet on a quarterly basis. The Board establishes an annual programme of work focused on the Fund's governance and administration, monitoring the Fund's compliance with statutory and regulatory guidance and working with officers to ensure the highest standards are met. The workplan covers the broad range of functions undertaken by the Fund including data management, financial management, funding policy and investment governance and stewardship. A report on the work of the Pensions Board is provided to the Pensions Committee on an annual basis.

## **INVESTMENT POOLING**

### **Role of Individual Administering Authority**

In compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the London Borough of Lewisham Pension Fund has outlined its approach to investment pooling in its Investment Strategy Statement. Working collectively with the London Pension Funds, the London Borough of Lewisham Pension Fund created and owns the London Collective Investment Vehicle (LCIV), an FCA regulated company responsible for product development and collective investment vehicles to meet the investment requirements of the thirty two London Boroughs and the City of London as its clients.

In conjunction with the other London Pension Funds, the London Borough of Lewisham Pension Fund takes two roles in this structure:

- **Role as Shareholder**

To oversee, challenge and ensure the company's goals, ambitions and overall performance achieve the objectives set out in its annual business plan (including the budget), ensuring such business plan is fit for purpose in the context of its customers, their needs and ambitions, including the creation and delivery of products which meet those needs. The Chair of the Pension Investment Committee holds the role of Shareholder Representative in the LCIV.

- **Role as Client/Customer**

To receive services (under agreement) and to manage the performance of that agreement in line with contract management processes.

## **EXECUTIVE DIRECTOR FOR CORPORATE RESOURCES**

In accordance with Section 101 of the Local Government Act responsibility for the day-to-day administration, and investment management for the Fund within the policy's and strategies agreed by the Pensions Committee is delegated to the Executive Director for Corporate Resources.

The Executive Director for Corporate Resources has lead responsibility for the London Borough of Lewisham Pension Fund in accordance with the statutory provisions imposed on administering authorities who hold a Local Government Pension Scheme function, as governed by the Public Service Pensions Act 2013 (and associated legislation).

The full delegations to the Executive Director for Corporate Resources are available in the Council's constitution.

The Executive Director for Corporate Resources may authorise Senior Officers from within the Fund to exercise on their behalf the functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the Executive Director for Corporate Resources who shall remain accountable and responsible for such decisions.

## **ACCOUNTABILITY AND PUBLICATION OF INFORMATION**

Details of the Pension Investment Committee and Local Pension Board meetings, including minutes agendas and reports presented are publicly available on the administering authority's website, where these are not considered to be exempt. Members of the Local Pensions Board have full access to the information presented to the Pension Investment Committee and vice-versa.

Meetings of the Pension Investment Committee and Local Pensions Board are open to members of the public.

The Pensions Board workplan is publicly available and a report on the work of the Pensions Board is presented annually to the Pensions Committee. Papers for the meetings of the Board are published on the Council's website alongside committee papers.

The Fund prepares and publishes an Annual Pension Fund Report and Accounts detailing Fund activities and performance during the year. The Annual Report includes details of the training records for members of the Fund's Governing Body's (The Pension Investment Committee and Local Pensions Board), with copies available on the Fund website.

## **GOVERNING BODY KNOWLEDGE AND SKILLS**

The Fund is required by law (section 248a of the Public Service Pensions Act 2013), and statutory guidance (Pensions Regulator's Code of Practice and Scheme Advisory Board Statutory Guidance), to ensure that members of its Governing Bodies (the Pension Investment Committee and the Local Pensions Board), have an appropriate level of knowledge and understanding, to undertake the roles and functions of the positions they have been appointed to.

The Fund have established a Training Policy which is available on its website. The policy sets out the Fund's approach to supporting members to meet statutory expectations in relation to knowledge and understanding through a tailored and structured training programme.

## GOVERNING BODY CONFLICTS OF INTEREST

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's ability to undertake the functions of the role they have been appointed to. A conflict could arise where an individual has been appointed to a Governing Body (the Pension Investment Committee or Local Pensions Board) who at the same time has a separate personal interest or responsibility (financial or otherwise) in a matter being discussed. The Fund has established a Conflicts of Interest policy that sets out its approach to identifying, monitoring, and managing conflicts which is available on its website. Members of the Pension Investment Committee and Local Pensions Board are required to complete annual declarations of interest and the Fund maintains a register of interests declared. Declaration of Interests is also a standing agenda item at all meetings of both the Pension Investment Committee and the Local Pensions Board. In addition, elected members are expected to follow the policies agreed by their local authority, including the relevant Councillor Code of Conduct.

## COMPLIANCE STATEMENT

The Fund fully complies with the best practice guidelines on governance, issued by the Department for Levelling Up, Housing and Communities (DLUHC). For details, see the table below.

Principle	Fully Compliant
<b>A - Structure</b>	
The Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	✓
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.	✓
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	N/A
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.	N/A
<b>B - Representation</b>	
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee (the Local Pensions Board) structure. These include: <ul style="list-style-type: none"> <li>• Employing authorities (including non-scheme employers (e.g. admitted bodies))</li> <li>• Scheme members (including deferred and pensioner scheme members)</li> <li>• Independent professional observers (where appropriate)</li> <li>• Expert advisers (on an ad hoc basis)</li> </ul>	✓
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.	
<b>Selection and Role of Lay Members</b>	
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.	✓
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.	✓
<b>Voting</b>	
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.	✓
<b>Training/Facility Time/Expenses</b>	
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.	✓
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.	✓
<b>Meetings</b>	
That the administering authority's main committee or committees meet at least quarterly.	✓
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.	✓
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 be represented.	✓
<b>Access</b>	
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.	✓
<b>Scope</b>	
That administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.	✓
<b>Publicity</b>	
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.	✓

Version	Author	Document Title	Approved By	Approval Date	Next Review
1	Katharine Nidd	Governance Compliance Statement			

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