



PENSIONS COMMITTEE 30 October 2013	REPORT

Subject Heading:	REVIEW OF GOVERNANCE COMPLIANCE STATEMENT
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Policy context:	Regulation 31 of the LGPS (Administration) Regulations 2008 requires an administrative authority to keep this document under review
Financial summary:	No financial implications

The subject matter of this report deals with the following Council Objectives

- Clean, safe and green borough
- Excellence in education and learning
- Opportunities for all through economic, social and cultural activity
- Value and enhance the life of every individual
- High customer satisfaction and a stable council tax

SUMMARY

In line with the Local Government Pensions Scheme Regulations (LGPS) 2008, Regulation 31 and good practice, the London Borough of Havering as an administering authority has a duty to undertake a review the pension fund's Governance Compliance Statement.

This report sets out the pension fund's draft Governance Compliance Statement and highlights where changes may be required.

RECOMMENDATIONS

That the committee:

Consider and agree any issues as needing to be amended in the Governance Compliance Statement (**Appendix A**).

REPORT DETAIL

1. LGPS (Administration) Regulations 2008 Regulation 31 states that the administrative authority must keep the Governance Compliance Statement under review.
2. **Governance Compliance Statement (Appendix A)**
 - a) This sets out the administrative authorities approach towards governance of the pension fund and includes a compliance table which shows how the pension fund is compliant against best practice standards and if it does not, state the reasons for not complying.
 - b) Guidance was issued by the Department of Communities and Local Government (CLG) in June 2008 and the Havering compliance statement based on these guidelines, was submitted to the CLG in July 08. The CLG later confirmed that the authority had fulfilled its obligation in submitting its first governance compliance statement.
 - c) The CLG also issued a consultation paper seeking views on how to bring about higher standards on governance and involvement and to see where and how future improvements can be made. This consultation closed on the 30 September 09.
 - d) A report was presented to the Pensions Committee on the 24 July 2013 informing the committee of a discussion paper issued by the CLG covering the new proposed governance arrangements for the LGPS. The deadline to respond to the discussion paper was 30 August 2013 and the CLG are currently analysing the feedback. Any new Governance arrangements will be in legislation by April 2015.
 - e) The Governance Compliance statement has been updated annually since its first publication.

3. Key points for the committee to consider:

- a) **Appendix A** sets out the authority's position on compliance against the set of best practice principles.

Listed below are the areas where the authority is currently not fully compliant. **It should be noted that the authority does not have to be fully compliant but where it is not the authority has to state why.**

- i) **Principle B Representation Item (a) (iii)** – To meet the required standards all stakeholders are afforded the opportunity to be represented by, where appropriate, appointing independent observers. *Members have previously considered whether or not to employ the services of an independent professional observer to participate in the governance arrangements and decided against it on the basis that the current monitoring arrangements are sufficient for the size of the fund.*
- ii) **Other changes** – *please refer to Appendix A, section 3. Changes reflect amendments made to new committee members*

The compliance statement will be amended as necessary after the committee and will be published on the Council's website. The updated version will also be included in the 2012/13 Pension Fund Annual Report.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising directly from this report. The review of the Governance Compliance Statement will ensure that the London Borough of Havering as the administering authority is compliant with regulations.

Legal implications and risks:

None arise from this report.

Human Resources implications and risks:

None arise from this report.

Equalities implications and risks:

None arise from this report.

BACKGROUND PAPERS

Background Papers List

Governance Compliance Statement (Nov 12)