



**Havering**  
LONDON BOROUGH

## PENSIONS COMMITTEE

7 November 2023

**Subject Heading:**

**REVIEW OF GOVERNANCE  
COMPLIANCE STATEMENT**

**SLT Lead:**

**Kathy Freeman**

**Report Author and contact details:**

*Debbie Ford*  
*Pension Fund Manager (Finance)*  
*01708432569*

**Policy context:**

[Debbie.ford@onesource.co.uk](mailto:Debbie.ford@onesource.co.uk)  
Regulation 55(2) of the LGPS Regulations  
2013 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

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

### SUMMARY

The London Borough of Havering, as an administering authority, has a duty to keep the Governance Compliance Statement under review and make revisions as appropriate. It also must publish a report outlining the extent of compliance against a set of best practice principles.

The Governance Compliance Statement and the extent of compliance to guidance is set out in **Appendix A**.

**RECOMMENDATIONS**

That the committee:

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

**REPORT DETAIL**

**1. Background**

**1.1 Local Government Pension Scheme (LGPS) Regulations 2013 – Regulation 55**

The LGPS Regulations 2013 (Regulation 55) as amended states that an Administering Authority must prepare a written statement setting out;

- 1) *(a) Whether the authority delegates its functions to a committee or an officer of the authority;*
  - (b) If the authority does so –*
    - (i) the terms, structure and operational procedures of the delegation,*
    - (ii) the frequency of any committee meetings; and*
    - (iii) whether such a committee includes representatives of scheme employers or members, and if so, whether those representatives have voting rights.*
  - (c) the extent to which a delegation, or in the absence of a delegation, complies with guidance given by the Secretary of State, and if it does not comply, the reasons for not complying; and*
  - (d) details of the terms, structure and operational procedures relating to the establishment of a Local Pension Board.*
- 2) *An administering authority has a duty to keep the Governance Compliance Statement under review and make revisions as appropriate.*

- 3) *Before revising a statement an administering authority must consult such persons as it considers appropriate, following a material change.*
- 4) *The administering authority must publish its statement and any revised statement.*

**1.2 LGPS Regulations 2013 - Regulation 106 - Local Pension Boards: establishment,**

*106 (1) Each administering authority shall no later than 1st April 2015 establish a pension board (“a local pension board”) responsible for assisting it—*

*(a) to secure compliance with:*

- (i) these Regulations,*
- (ii) any other legislation relating to the governance and administration of the Scheme and any connected scheme (a), and*
- (iii) any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme; and*

*(b) to ensure the effective and efficient governance and administration of the Scheme and any connected scheme*

The expenses of a local pension board are to be regarded as part of the costs of administration of the fund held by the administering authority.

**2. Governance Compliance Statement (Appendix A)**

- 2.1 The Governance Compliance Statement as set out in **Appendix A** has been prepared in line with the best practice principles published by then Department of Communities and Local Government (DCLG) in 2008, now known as Department of Levelling up, Housing and Communities (DLUHC). Guidance includes a compliance table, which shows the extent to which the pension fund is compliant against best practice standards and where it does not, include the reasons for non-compliance. This statement also incorporates the Governance arrangements in respect of the Local Pension Board.
- 2.2 In line with regulations, before revising this statement an administering authority must consult such persons as it considers appropriate, following a material change. In this instance no consultation was carried out as the amendments made to the Compliance Statement reflected the change in the Pensions Committee and Local Pension Board (LPB) membership. In this instance it was considered that there were no persons appropriate to consult.

**3. Key points for the committee to consider:**

3.1 Changes made to membership

- i. **Appendix A, Section 2 Membership and Representation, 2.1 Pension Committee** - Changes reflect amendments made to committee members.
- ii. **Appendix A, Section 2 Membership and Representation Other changes 2.2 Local Pension Board** – Changes reflect amendment following appointment of an Independent Chair and associated remuneration.
- iii. **Appendix A, Section 3.1 Guidance and Monitoring** – changes reflect the restructure of oneSource Pensions and Treasury move to Havering Council
- iv. **Appendix A, Section 7 Scope** – Climate Risk and management of climate risk added

3.2 Listed below is the area 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. **Appendix A – Compliance Table, 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. Also considered the “Good Governance” recommendations that includes that each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. Once introduced, this will address the current non-compliance as mentioned.*

3.3 The compliance statement will be amended if necessary after the committee meeting and will be published on the Council’s website. This updated version will also be included in the 2022/23 Pension Fund Annual Report prior to publication.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

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

The Scheme Advisory Board (SAB) commissioned Hymans Robertson to review LGPS governance structures and practices in 2019 and later accepted their proposals in the 'Good Governance' report. In February 2021 the SAB made recommendations and submitted an action plan to DLUHC to implement the recommendations in the report.

The progress of this 'Good Governance' project has been reported to the Committee on a number of occasions and we are still awaiting consultation to be issued. Officers will continue to update the Committee on developments. Following the consultation, it is expected that new legislation and guidance will follow.

One of the 'Good Governance' recommendations is that the new governance compliance statement incorporates existing requirements alongside any additional ones arising from the review. It is therefore important that this statement is maintained and kept up to date.

Another 'Good Governance' recommendation is that each administering authority must undergo a biennial (every 2 years) Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. This will address the current non-compliance as mentioned above in paragraph 3.2.

There is a risk that any changes required to meet the new recommended governance structures and practices may impact the Pension Fund budget.

### **Legal implications and risks:**

The relevant legislation is set out in the main report.

The departures from guidance have been explained and are set out at paragraph 3.2 and therefore there is minimal legal risk in leaving the statement intact in that

respect, although it is open to the Pensions Committee to suggest any changes if they think this is appropriate.

**Human Resources implications and risks:**

None arise from this report.

**Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

**BACKGROUND PAPERS**

Background Papers List

None