	London Borough of Hammersmith & Fulham PENSIONS BOARD 30 July 2015
PENSION FUND KEY DOCUMENTS	
Report of the Director for Finance	
Open Report	
Classification: For Information Key Decision: No	
Wards Affected: All	
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1. EXECUTIVE SUMMARY

- 1.1 This report advises the Pensions Board of the key Pension Fund statements and regular monitoring documents.

2. RECOMMENDATIONS

- 2.1. That the Board note the contents of this paper.

3. REASONS FOR DECISION

- 3.1. To enable the Board to have an understanding of the operation of the Pension Fund.

4. INTRODUCTION AND BACKGROUND

- 4.1. The Pension Fund is required by the Local Government Pension Scheme regulations to publish and maintain a number of policy documents. These are detailed in this report.
- 4.2. In addition there is regular reporting to the Pensions Sub-committee on a number of key issues affecting the Fund.

5. PROPOSAL AND ISSUES

Policy Statements

5.1. Governance Compliance Statement

This statement is required by regulation 55 of the Local Government Pension Scheme Regulations 2013 and provides an overview of Hammersmith and Fulham's approach towards the governance of the Pension Fund.

This statement was reviewed by the Pensions Sub-committee in June 2015 and is currently out to consultation with the Fund's employers before it is published. It is attached in Appendix 1 for the Board's information.

5.2. Statement of Investment Principles

This statement is required by regulation 12(1) of the LGPS (Management and Investment of Funds) Regulations 2009 and sets out how Hammersmith and Fulham approach the investment of the Pension Fund assets and records compliance with best practice principles. It is reviewed whenever there is a change to the investment strategy and was last reviewed in March 2015. It can be found at the following link:

http://www.lbhf.gov.uk/Images/Statement%20of%20Investment%20Principles%202015_tcm21-174597.pdf

5.3. Funding Strategy Statement

This statement is required by regulation 58 of the Local Government Pension Scheme Regulations 2013 and sets how the Fund manages the funding of the pension liabilities. It is reviewed every three years in conjunction with the actuarial valuation of the Fund. It can be found at the following link:

http://www.lbhf.gov.uk/Images/Funding%20Strategy%20Statement%202014_tcm21-187570.pdf

5.4. Communication Policy Statement

This policy is required by regulation 61 of the Local Government Pension Scheme Regulations 2013 and sets out Hammersmith and Fulham's strategy for communicating with scheme members, members' representatives, prospective members and other employers participating in the Fund. The policy was agreed in 2013 and will be reviewed in the coming months as the Pension Fund administration provider will be changing. The current statement can be found at the following link:

http://www.lbhf.gov.uk/Images/Pension%20Fund%20Communication%20Policy%20Statement_tcm21-184905.pdf

Regular reporting

5.5. Quarterly Update Pack

The Pensions Sub-committee receive an update at each of their meetings to give them an overview of the key issues affecting the Fund. This includes:

- A Scorecard summarising the high level indicators
- An investment performance review prepared by the Fund's investment adviser.
- A funding level review prepared by the Fund Actuary
- Cashflow monitoring
- Risk Register
- Voting summary

The latest version of the pack as at 31st March 2015 and reported to the sub-committee in June 2015 can be found in Item 5 at the following link:

www.lbhf.gov.uk//Directory/Council_and_Democracy/Committee_reports_minutes_and_agendas/Committee_Archive/homepage.asp?mcpage=ieListDocuments.aspx%26amp%3BCId%3D512%26amp%3BMId%3D4357%26amp%3BVer%3D4

5.6. Annual Report and Accounts

This is required by regulation 57 of the Local Government Pension Scheme Regulations 2013 and consists of the Pension Fund annual accounts and a summary of the key activity in the Fund during the year. The annual report and accounts for 2014/15 is currently subject to audit and will be presented to the Pensions Sub-committee for approval once the audit is complete in September. The previous year's version can be found at the following link:

www.lbhf.gov.uk/Images/LBHF%20Pension%20Fund%20Annual%20Report%20201314_tcm21-190899.pdf

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

LIST OF APPENDICES:

Appendix 1: Governance Compliance Statement

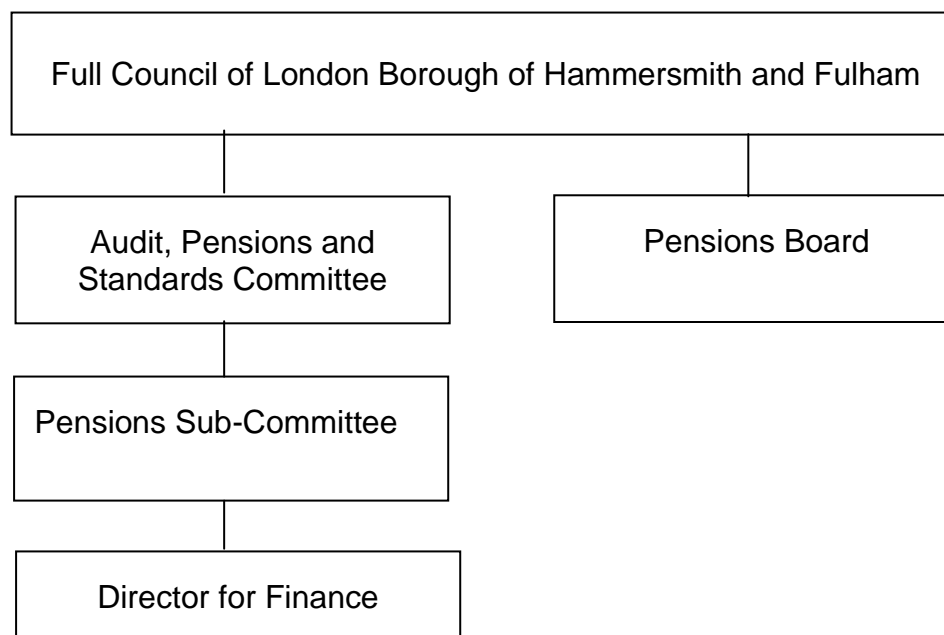
LONDON BOROUGH OF HAMMERSMITH AND FULHAM PENSION FUND GOVERNANCE COMPLIANCE STATEMENT

The London Borough of Hammersmith and Fulham is the administering authority for the London Borough of Hammersmith and Fulham Pension Fund (“the Fund”) and it administers the Local Government Pension Scheme on behalf of the participating employers.

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. Information on the extent of the Fund’s compliance with guidance issued by the Secretary of State for Communities and Local Government is also a requirement of this regulation.

Governance Structure

The diagram below shows the governance structure in place for the Fund.



Full Council has delegated its functions in relation to the Pension Fund regulations, as shown in the diagram. The sections below explain the role of each party and provide the terms of reference.

Audit, Pensions and Standards Committee

Full Council has delegated all decisions in relation to the Public Service Pensions Act 2013 to the Audit, Pensions and Standards Committee. In order to manage the workload of the committee, the committee has delegated decisions in relation to all pensions matters to the Pensions Sub-committee.

Pensions Sub-committee

The role of the Pensions Sub-committee is to have responsibility for all aspects of the investment and other management activity of the Fund.

The sub-committee is made up of five elected members of the Audit, Pensions and Standards Committee – three administration councillors and two opposition councillors. The sub-committee is chaired by the Chair of the Audit, Pensions and Standards Committee. The Sub Committee may co-opt non-voting independent members, including Trade Unions and representatives from the admitted and scheduled bodies in the Pension Fund.

All Councillors on the sub-committee have voting rights. In the event of an equality of votes, the Chair of the Sub-committee shall have a second casting vote. Where the Chair is not in attendance, the Vice-Chair has the casting vote.

The Sub-committee meets four times a year and may convene additional meetings as required. Three members of the Sub-committee are required to attend for a meeting to be quorate.

The terms of reference for the sub-committee are:

1. To agree the investment strategy and strategic asset allocation having regard to the advice of the fund managers and the Investment Consultant.
2. To monitor performance of the Pension Fund, individual fund managers, custodians, actuary and other external advisors to ensure that they remain suitable;
3. To determine the Fund management arrangements, including the appointment and termination of the appointment of the Fund Managers, Actuary, Custodians and Fund Advisers.
4. To agree the Statement of Investment Principles, the Funding Strategy Statement, the Business Plan for the Fund, the Governance Policy Statement, the Communications Policy Statement and the Governance Compliance Statement and to ensure compliance with these.
5. To approve the final statement of accounts of the Pension Fund and to approve the Annual Report.
6. To receive actuarial valuations of the Pension Fund regarding the level of employers' contributions necessary to balance the Pension Fund.
7. To oversee and approve any changes to the administrative arrangements, material contracts and policies and procedures of the Council for the payment of pensions, and allowances to beneficiaries.
8. To make and review an admission policy relating to admission agreements generally with any admission body.

9. To ensure compliance with all relevant statutes, regulations and best practice with both the public and private sectors.
10. To review the arrangements and managers for the provision of Additional Voluntary Contributions for fund members.
11. To receive and consider the Auditor's report on the governance of the Pension Fund.
12. To determine any other investment or pension fund policies that may be required from time to time so as to comply with Government regulations and to make any decisions in accordance with those policies.

Pensions Board

With effect from 1st April 2015, all administering authorities are required by the Public Services Pensions Act 2013 to establish a Pensions Board to assist them. The London Borough of Hammersmith and Fulham Pensions Board was established by full Council on 25th February 2015.

The role of the Pensions Board is to assist the administering authority with securing compliance with Local Government Pension Scheme regulations and other legislation relating to the governance and administration of the scheme. The Board does not have a decision making role in relation to management of the Fund, but is able to make recommendations to the Pensions Sub-committee.

The membership of the Board is as follows:

- Three employer representatives comprising one from an admitted or scheduled body and two nominated by the Council;
- Three scheme members representatives from the Council or an admitted or scheduled body.

All Board members are entitled to vote, but it is expected that as far as possible Board members will reach a consensus. Three Board members are required to attend for a meeting to be quorate. The Board will meet a minimum of twice a year.

Compliance with statutory guidance

It is a regulatory requirement that the Fund publishes the extent to which it complies with statutory guidance issued by the Secretary of State for Communities and Local Government. The guidance and compliance levels are set out in Annex 1.

Review of statement

This statement will be kept under review and updated as required. Consultation with the admitted and scheduled bodies of the Fund will take place before the statement is finalised at each change.

Annex 1 - Compliance with statutory guidance on Local Government Pension Scheme Governance.

Structure

a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.

COMPLIANT – as set out in terms of reference of the Pensions Sub-committee

b) 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.

NOT FULLY COMPLIANT – representatives of the employers and scheme members are Pension Board members, rather than members of the Pensions Sub-committee.

c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.

NOT APPLICABLE – all Pension Fund matters are considered by the Pensions Sub-committee.

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.

NOT APPLICABLE – all Pension Fund matters are considered by the Pensions Sub-committee.

Committee Membership and Representation

a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-

- i) employing authorities (including non-scheme employers, e.g. admitted bodies);*
- ii) scheme members (including deferred and pensioner scheme members),*
- iii) where appropriate, independent professional observers, and*
- iv) expert advisors (on an ad-hoc basis).*

NOT FULLY COMPLIANT – representatives of the employers and scheme members are Pension Board members, rather than members of the Pensions Sub-committee. Expert advisers attend the Sub-committee as required.

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.

NOT APPLICABLE – all Pension Fund matters are considered by the Pensions Sub-committee.

Selection and role

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.*

COMPLIANT – as set out in terms of reference of the Pensions Sub-committee

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*

COMPLIANT – this is a standing item on the Pensions Sub-committee agendas

Voting

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.*

COMPLIANT – as set out in terms of reference of the Pensions Sub-committee

Training, Facility Time and Expenses

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.*

COMPLIANT – as set out in the Council's allowances policy and the Pension Fund Knowledge and Skills policy

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.*

COMPLIANT – as set out in the Council's constitution

Meetings

a) *That an administering authority's main committee or committees meet at least quarterly.*

COMPLIANT – as set out in terms of reference of the Pensions Sub-committee

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.*

NOT APPLICABLE – all Pension Fund matters are considered by the Pensions Sub-committee.

c) *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 can be represented.*

COMPLIANT – represented on the Pensions Board

Access

a) *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.*

COMPLIANT – as set out in the Council's constitution

Scope

a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements

COMPLIANT – as set out in terms of reference of the Pensions Sub-committee

Publicity

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.

COMPLIANT – all meeting minutes, reports and Pension Fund policies are published on the Council's website.