

## **Governance Compliance Statement**

### **Introduction**

This is the Governance Compliance Statement of The Royal Borough of Greenwich Pension Fund which is administered by The Royal Borough of Greenwich, the administering authority. The Statement details the governance arrangements in place to ensure that effective and efficient management of the Fund.

### **Regulatory Framework**

The Local Government Pension Scheme (Administration) Regulations 2013 paragraph 55 requires all administering authorities to produce a Governance Compliance Statement. This statement must set out:

- (a) whether the authority delegates its function, or part of its functions under these Regulations to a committee, a sub-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 or sub-committee meetings,
  - (iii) whether such a committee or sub-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 the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying, and
- (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

### **Delegation Arrangements**

The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund. Elected Members are therefore, responsible for the stewardship of the Fund. This responsibility has been

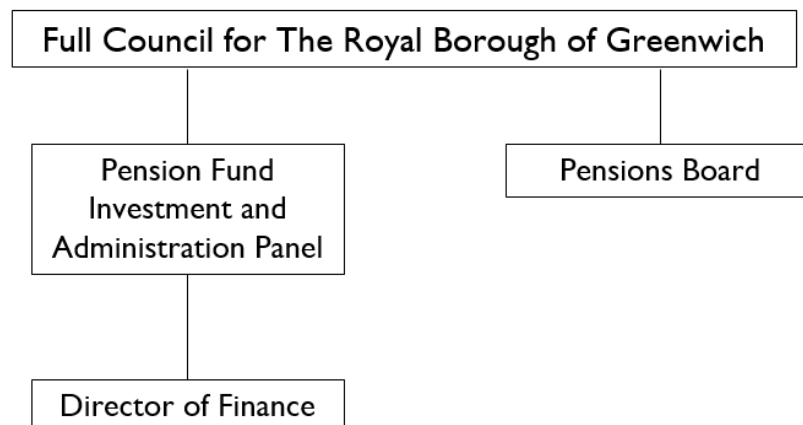
delegated to the Pension Fund Investment and Administration Panel, a sub-committee of Council.

The Royal Borough of Greenwich Local Pension Board was established in accordance with Section 5 of the Public Service Pensions Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended). The Board was established by the Pension Fund Investment and Administration Panel under delegation from the Administering Authority and operates independently of the Panel. Its purpose is to assist the Administering Authority in its role as a scheme manager. The Board was established on 1 April 2015.

Day to day running of the Fund in respect of administering the membership through collecting contributions, paying benefits / pensions and maintaining all necessary records, is undertaken by the Director of Finance.

### Governance Structure

The table bellows illustrates the governance structure in place for The Royal Greenwich Pension Fund.



### **Purpose**

#### Pension Investment and Administration Panel

The general terms of reference of the Pension Fund Investment and Administration Panel are:

- To exercise all relevant functions conferred by regulations made under the Public Services Pensions Act 2013

- To consider and decide all matters regarding the management of the pension fund's investments and to determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
- To decide all matters relating to policy and target setting for and monitoring the investment performance of the pension fund.
- At least once every three months, to review the investments made by the investment managers and consider the desirability of continuing or terminating the appointment of the investment managers.
- To consider and make recommendations on policy and staff related issues which have an impact on the pension fund directly or indirectly through changes in employer pension contribution rates and through Fund employers' early retirement policies.
- To consider triennial valuation reports prepared by the Fund's actuaries, with recommended employer contributions.
- To receive monitoring reports from the Director of Finance on all matters relevant to the Pension Fund and the Administering Authority's statutory requirements.
- To receive reports as appropriate from the Pension Board.

The table in Appendix B explores the various functions in relation to the Pension Fund Investment and Administration Panel's delegated level. The table splits the functions into three categories (management arrangements, corporate governance and other) and states the responsibilities of the Pension Fund Investment and Administration Panel, the Director of Finance and Fund Managers in respect of the functions.

### Local Pension Board

The purpose of the Board is to:

- Assist the Royal Borough of Greenwich Administering Authority as Scheme Manager:
- to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS

- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- Any such other matters as the LGPS regulations may specify.
- Secure the effective and efficient governance and administration of the LGPS for the Royal Borough of Greenwich Pension Fund
- Provide the Scheme Manager with such information as it requires, to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

## **Representation and Voting**

### **Pension Investment and Administration Panel**

The Pension Fund Investment and Administration Panel consists of four Greenwich Councillors with full voting rights – all four members are from the majority party. Representatives from admitted bodies and the trade unions are invited to participate as members of the Panel, but do not have voting rights.

### **Local Pension Board**

The Pension Board consists of four members, each with voting rights. These members are made up of two member representatives and two employer representatives. There are no other representatives.

Member representatives shall either be scheme members or have the capacity to represent scheme members of the Fund.

Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity.

Substitutes may not be co-opted to join.

A chair and vice-chair are appointed for the Board by the administering authority. These roles will be filled by one member representative and one employer representative.

## **Meetings**

## Pension Investment and Administration Panel

The Pension Fund Administration Panel convenes a minimum of four times a year. More meetings are convened when necessary.

The quorum for meetings of the Pension Fund Investment and Administration Panel is 2.

## Local Pension Board

The Board will meet, as a minimum, two times a year. The chair of the Board, with consent from the Board members, may call additional meetings.

A meeting will be considered quorate when at least 50% of both member and employer representatives are present.

## **Access and Publication**

### Pension Investment and Administration Panel and Local Pension Board

Details of the Pension Fund Administration and Investment Panel and Local Pension Board meetings (including minutes and agendas) are sent to Trustees and published on the Royal Greenwich website a minimum of five clear days before the meeting date. All members have equal access to papers. Meetings are held at the Town Hall and are open to the public.

Details of historic meetings and documentation, for example Pension Fund Annual Reports and Annual Accounts are available on the Royal Greenwich website. A Business plan is produced each year, which details the areas to be covered in each meeting – this is also available on the website.

## **Training**

### Pension Investment and Administration Panel and Local Pension Board

Induction training is completed upon appointment to the Panel/Board. A rolling training schedule is specified in the annual business plan. This training is undertaken in line with CIPFA's Knowledge and Skills Framework. A training log is maintained by officers and Panel/Board Members are notified of any relevant training they may wish to undertake. An annual training day also takes place which covers various relevant topics.

## **Expenses**

### **Pension Investment and Administration Panel**

Members expenses are reimbursed in line with the Royal Greenwich Members Allowance Scheme (Part 6 of The Royal Greenwich Constitution) which is updated annually and available on the Royal Greenwich website.

### **Local Pension Board**

The Board is provided with adequate resources to fulfil its role. In doing so, the budget for the Board is met from the Fund and determined by the Board seeking approval from the Section 151 officer for any expenditure it wishes to make.

## **Scope**

### **Pension Investment and Administration Panel**

Trustees work in a multi-disciplined role with regards to the scope of areas they review. Panel members oversee a broad range of key risks and activities pertaining to the fund. For example, the Pension Investment and Administration Panel review administration items such as early retirements alongside investment and performance related reporting including quarterly manager performance and the quarterly and annual accounts for the Fund. The Panel also reviews governance issues and receives the Governance Compliance Statement and FRC UK Stewardship Code policies annually. The Panel undertakes a rolling training programme each year, which focuses on areas including financial markets and product knowledge, accounting and auditing standards, investment performance and risk management and pensions legislative governance context.

### **Local Pension Board**

Board members also fulfil a broad role, covering areas from scheme administration arrangements, Environmental, Social and Governance policies and investment strategy and performance. The board also receives training in a broad range of areas including financial markets and product knowledge, actuarial methods, standards and practices, accounting and auditing standards and investment performance and risk management.

## **Statement Review**

This Governance Compliance Statement will be reviewed by the Administration and Investment Panel on an annual basis and when material changes occur. Any revisions to this statement will be approved and published by the Pension Fund Investment and Administration Panel.

**Governance Compliance Statement**

The table below demonstrates the extent to which the delegation of functions complies with the guidance given by the Secretary of State.

<b>PRINCIPLE</b>	<b>BEST PRACTICE</b>	<b>COMPLIANCE</b>	<b>COMMENT</b>
Structure	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	✓	Pension Fund Investment and Administration Panel
	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.	✓	All employers entitled to attend. Trade Union observers represent members. The Local Pension Board includes two employer representative and two scheme member representatives.
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	n/a	No secondary committee or panel has been established.
	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	No secondary committee or panel has been established.
Representation	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 such as admitted bodies) ii) scheme members (including deferred and pensioner scheme members) iii) where appropriate, independent professional observers	✓  ✓  ✓	iii)The Panel has considered this issue and there has been no requirement, given the nature of the other advice provided



<b>PRINCIPLE</b>	<b>BEST PRACTICE</b>	<b>COMPLIANCE</b>	<b>COMMENT</b>
	iv) expert advisors (on an ad-hoc basis).	✓	
	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.	n/a	
Selection and Role of Lay Members	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.	✓	Selected via Council AGM or General Purposes Committee. Training is offered. Terms of reference provided.
	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	✓	Standing item on agenda
Voting	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.	✓	Stated in the Governance Compliance Statement– Royal Borough of Greenwich Pension Fund Investment and Administration Panel
Training, Facilities and Expenses	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.	✓	Stated in Governance Policy Statement – Delegation (Other). Members Allowances are disclosed in Part 6 of The Council’s Constitution, which is available on the Royal Greenwich website.
	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.	✓	

PRINCIPLE	BEST PRACTICE	COMPLIANCE	COMMENT
	That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken	✓	The administering authority has adopted the CIPFA Knowledge and Skills Framework. A rolling training programme is built into the annual business plans for both Panel and Board. Additional training is also offered as and when appropriate and a training log is maintained by officers.
Meetings (frequency / quorum)	That an administering authority's main committee or committees meet at least quarterly.	✓	Stated in Governance Policy Statement – Royal Borough of Greenwich Pension Fund Investment and Administration Panel & Pension Board.
	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.	n/a	No secondary committee or panel has been established
	That an administering authority who does 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	✓	Representation by Trade Unions on Panel plus Trade Union Liaison meetings (as apt).
Access	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.	✓	Committee papers are sent to members at least five working days prior to the meeting and non-confidential papers are published on the Council's website. Local Pension Board Members also receive papers and minutes at

<b>PRINCIPLE</b>	<b>BEST PRACTICE</b>	<b>COMPLIANCE</b>	<b>COMMENT</b>
			least five working days prior to meetings.
Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	✓	The Panel considers a broad range of pension issues detailed in the Governance Compliance Statement.
Publicity	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.	✓	Governance Statement is published on the authority's website and referred to within the newsletter with a mechanism for feedback. The Fund publishes its policy documents, including the Annual Report on the Royal Borough of Greenwich website.
Pension Board	Administering authorities should disclose the terms, structure and operating procedures	✓	Detailed in the Governance Compliance Statement and in the Terms of Reference published