

Essex Pension Fund Board	EPB/11/11
Date: 29 June 2011	

Review of Governance Policy and Compliance Statement

Joint Report by the Head of Investments and the Pensions Services Manager

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1. Purpose of the Report

- 1.1 A revised Essex Pension Fund Governance Policy and Statement of Compliance are submitted for member consideration and approval.

2. Recommendations

- 2.1 That the revised Essex Pension Fund Governance Policy and Statement of Compliance set out at Annex A be approved.

3. Background

- 3.1 Under the current Local Government Pension Scheme (LGPS) Regulations each LGPS administering authority must prepare a written statement (called a Governance Compliance Statement) setting out:
- (a) whether they delegate their function, or part of their function, in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the authority;
 - (b) if they do 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 employing authorities (including authorities which are not 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 that it does not so comply, the reasons for not complying.
- 3.2 An administering authority must:
- (a) revise their statement following a material change in respect of any of the matters mentioned above; and
 - (b) publish the statement as revised.
- 3.3 In preparing or revising their statement an administering authority must consult such persons as they consider appropriate.
- 3.4 Previous legislation required LGPS administering authorities to produce and publish a Governance Policy Statement. This is a practice with which the Fund has continued.

4. Governance Policy Statement

- 4.1 The Governance Policy Statement has been revised to reflect the decisions made by Essex County Council on 10 May 2011 in regard to the structure of the Essex Pension Fund Board and its Scheme of Delegation to Officers. A copy of the revised draft Statement is attached at Annex A together with the revised Governance Compliance Statement.

5. Governance Compliance Statement

- 5.1 The Governance Compliance Statement has also been revised to reflect the increased extent to which the Fund's governance arrangements comply with the guidance given by the Secretary of State. There is now only one area where the arrangements are not in full compliance. In regard to Representation the guidance is that independent professional observers should be afforded the opportunity to be represented within the main or secondary committee structure. The Fund does have 2 observers on the Investment Steering Committee, one nominated by the Essex Borough and District Leaders/Chief Executives Meeting and one nominated by UNISON, but these are not professional observers. A copy of the revised draft statement is attached at Annex A.

6. Link to Essex Pension Fund Objectives

- 6.1 This review of Governance Policy and its compliance with the Secretary of State's guidance is directly linked to the following two governance objectives:
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
 - Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based

7. Risk Implications

- 7.1 The increased level of compliance with the Secretary of State's guidance should help to reduce the Fund's exposure to adverse reputational risk.

8. Communication Implications

- 8.1 The Fund is required to publish the revised Policy Statement and Compliance Statement, which will be done via the Pensions Website and to provide the Secretary of State with a copy of the revised Compliance Statement.

9. Finance and Resources Implications

- 9.1 None.

10. Background Papers

- 10.1 The Local Government Pension Scheme (Administration) Regulations 2008 (as amended).