

# Governance Statement 2020/21

## 1. Introduction

The London Borough of Newham is the administering authority for the Newham Pension Fund ("The Fund"); it administers the Local Government Pension Scheme on behalf of the participating employers.

This Policy and Compliance Statement outlines the governance arrangements for the Fund, as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013 ("The Regulations").

Under that provision all LGPS Funds in England and Wales are required to produce a Governance Compliance Statement, keep it under review, revise it following any material change in its delegation arrangements and publish it, following such consultation as it considers appropriate. The statement is required to set out:

- a) whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a subcommittee 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 subcommittee 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;
- d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53.

Each administering authority is required to:

- a) keep the statement under review and make such revisions as are appropriate following a material change in respect of any of the matters mentioned in points a) to d) above;
- b) when reviewing and making revisions to the Governance Policy and Compliance Statement the authority must consult such persons as it considers appropriate.

## 2. About the Newham Pension Fund

Under the Local Government Pension Scheme Regulations 2013, the London Borough of Newham is required to maintain a pension fund for its employees and those of other Scheme Employers within its area.

Benefits are prescribed by, and the Fund is invested in accordance with, the provisions of the following regulations under the Public Service Pensions Act 2013 (all as amended):

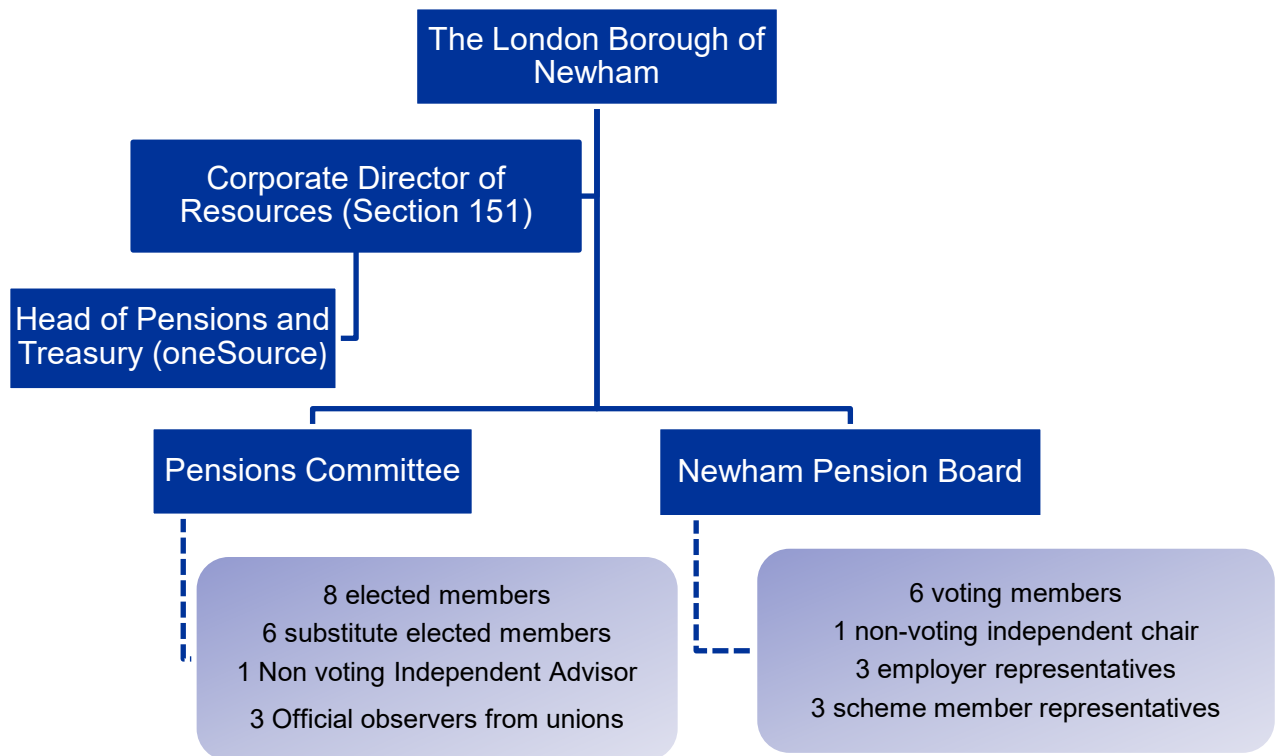
- Local Government Pension Scheme (LGPS) Transitional Provisions, Savings and Amendment Regulations 2014;
- Local Government Pension Scheme (LGPS) Regulations 2013;
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 and other saved provisions from previous sets of LGPS regulations.

With effect from 1 April 2014 employee contributions have been banded according to employees' annual pensionable pay. The rates payable vary from 5.5% to 12.5% of annual

pensionable pay.

### 3. Governance Structure

The Newham Pension Fund governance structure is illustrated below. This structure relates to the administering authority responsibilities only. The London Borough of Newham is also an employer within the Newham Pension Fund. A separate governance structure and Scheme of Delegation is in place in relation to the London Borough of Newham employer responsibilities:



### 4. Quorum

Pension Committee	The Newham Pension Board
<p>3 members of the committee are required for a meeting to be quorate.</p> <p>Members may arrange for a substitute member to attend in their absence.</p> <p>The business of the Committee shall be carried out in accordance with the Constitution.</p>	<p>3 voting members of which at least 1 employer representative and 1 scheme member representative.</p> <p>In the absence of the chair the members attending can appoint a Deputy Chair for that meeting.</p> <p>The business of the Board shall be carried out in accordance with the Terms of Reference.</p>

## 5. Responsibilities

### Pensions Committee (formally Investment and Accounts Committee)

The Pensions Committee has responsibility for:

- determining an overall investment strategy and strategic asset allocation, with regards to diversification and the suitability of asset classes;
- appointing the investment managers, an independent custodian, the actuary and any external consultants considered necessary;
- reviewing on a regular basis (quarterly) the investment managers' performance against benchmarks, and satisfying themselves as to the managers' expertise and the quality of their internal systems and controls;
- reviewing on a regular basis (quarterly) the asset pool, London CIV, satisfying themselves as to the managers' expertise and the quality of their internal systems and controls;
- The Chair of the Pensions Committee is the Administrative Authority's representative at London CIV, and fund manager meetings.
- reviewing policy on social, environmental and ethical considerations, and on the exercise of voting rights;
- agreeing the Communications Policy, Governance Statement and the Annual Business plan;
- monitoring compliance with legislation and best practice;
- determining the admission policy and agreements, including the deficit recovery period of Admitted and Scheduled Bodies;
- setting principles and statements in relation to the Fund's Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS), monitoring compliance and reviewing them;
- ensuring that equality issues are addressed in the development of policies and the provision of services and are appropriately monitored.

### Corporate Director of Resources

The Committee has delegated the responsibility to the Corporate Director of Resources:

- all decisions relating to the administration of the Superannuation Fund, crediting contributions, dividends and interest, realising and making investments to manage the Fund's cash flow up to a limit of £5 million, providing notices to members, arranging for periodical valuations and keeping audited accounts.
- to exercise all powers and duties of the Council as an employer in respect of contracted-out persons under the Pensions Schemes Act 1993;
- to exercise and perform any powers and duties under this Act which fall to be exercised or performed by the Council by virtue of its being an employer (powers and duties relating to stakeholder pensions) under The Welfare Reform and Pensions Act 1999.

### The Pension Board

The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to;

- a) Assist the London Borough of Newham Administering Authority as Scheme Manager;
- b) Secure the effective and efficient governance and administration of the LGPS for the London Borough of Newham Pension Fund
- c) in such other matters as the LGPS regulations may specify
- d) Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

In accordance with the Regulations, the Pension Board shall secure compliance with:

- The Regulations
- Other legislation relating to the Governance and administration of the LGPS; and
- The requirements imposed by the Regulator in relation to the LGPS, and
- To ensure the effective and efficient governance and administration of the LGPS.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

## 6. Terms of Reference

### Pensions Committee

- a) To make all decisions under Regulations made pursuant to Sections 7, 12 or 24 of the Superannuation Act not otherwise falling to the Executive Director, Resources to determine as set out in the officers' scheme of delegation.
- b) Consideration of the external auditors Pension Fund audit plan and audit letter before it is published.
- c) The Committee shall be a member of the Local Authority Pension Fund Forum.
- d) The Committee shall be entitled to set up Sub-committees and delegate any of their functions to such Sub-committees or officers of the Council.

## 7. Meetings

Pensions Committee	The Newham Pension Board
<ol style="list-style-type: none"> <li>a. The Committee meets on a quarterly basis with support from the Corporate Director of Resources and independent advisers. Members are provided with a quarterly report on performance of the Fund along with a business plan update, investment strategy update and administration report.</li> <li>b. Representatives from the Trade Unions are invited to participate in the meeting; however they are not permitted to vote.</li> <li>c. Members of the public are permitted to attend, non-exempted agenda item segments but are not permitted to participate without prior approval of the chair.</li> </ol>	<ol style="list-style-type: none"> <li>a. The Committee meets on a sufficiently regular basis to discharge its duties and responsibilities effectively, with support from Corporate Director of Resources and independent advisers. Members are provided with a quarterly report on performance of the Fund along with a business plan update</li> <li>b. In the absence of the Chair, at any meeting, the members can appoint a Deputy Chair for that meeting.</li> <li>c. The Pensions Administration Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Pensions Administration Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board, they shall be circulated to all members.</li> <li>d. There will be a minimum of 3 Pension Board meetings a year to be held per year, with 1 Annual meeting being held at the beginning of the committee cycle. The meetings are expected to be held in a Town Hall Committee room.</li> </ol>

## 8. Members and Officers Knowledge and Skills

Pensions Committee	The Newham Pension Board
<p>a. Members of the Committee are required to attend 3 days (21 hours) appropriate training from time to time. The Pension Fund Manager will invite members to such training.</p> <p>b. The Committee shall be entitled to determine whether certain training is desirable or compulsory for all Members or certain positions. Where the Committee deems training compulsory, Members shall not be entitled to sit on the Committee until they have attended such training.</p> <p>c. Member and officer knowledge and skills are recognised as important, and a range of measures are in place to equip members to undertake their role. This is a major factor in the governance arrangements of the Fund in ensuring Committee members and officers have the relevant skills and knowledge. The Fund applies the CIPFA Knowledge and Skills Framework to achieve this objective.</p> <p>d. Six areas of knowledge and skills have been identified as core technical requirements for those associated with LGPS pension funds:</p> <ol style="list-style-type: none"> <li>1) pensions legislation and governance context;</li> <li>2) pension accounting and auditing standards;</li> <li>3) financial services procurement and relationship management;</li> <li>4) investment performance and risk management;</li> <li>5) financial markets and products knowledge; and</li> <li>6) actuarial methods, standards and practices.</li> </ol> <p>e. It is not the intention that Committee members should individually become technical experts, but collectively they have the ability, knowledge and confidence to question and challenge the information and advice they are given, and to make effective and rational decisions.</p> <p>f. Officers advising members and implementing decisions should have a more detailed knowledge appropriate to their duties. Officers are expected to demonstrate their professional competency against the framework through appropriate 'continuing professional development' (CPD) arrangements'.</p> <p>g. Each year a questionnaire is sent out to Members to identify key areas that training can be arranged to address. From the</p>	<p>a. A member of the Pension Board must have capacity to become conversant with –</p> <ol style="list-style-type: none"> <li>1) The legislation and associated guidance of the Local Government Pension Scheme (LGPS).</li> <li>2) Any document recording policy about the administration of the LGPS which is for the time being adopted by the London Borough of Newham Pension Fund.</li> </ol> <p>b. A member of the Pension Board must have capacity to gain knowledge and understanding of –</p> <ol style="list-style-type: none"> <li>1) The law relating to pensions, and</li> <li>2) Any other matters which are prescribed in regulations.</li> </ol> <p>c. It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.</p> <p>d. In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.</p> <p>e. Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.</p> <p>f. Pension Board members will comply with the Scheme Manager's training policy.</p>

Pensions Committee	The Newham Pension Board
<p>questionnaire a bespoke training schedule is established and agreed by the Committee.</p> <p>h. The Fund includes in its annual report and accounts details of the knowledge and skills development undertaken by its Committee members. It is being proposed that it will become a regulatory requirement for funds to explain their compliance with the CIPFA framework and in particular cover:</p> <ol style="list-style-type: none"> <li>1) how the framework has been applied;</li> <li>2) what assessment of training needs has been undertaken; and</li> <li>3) what training has been delivered against the identified training needs.</li> </ol>	

## 9. Reporting Breaches

### The Pension Board

The Board should in the first instance report its requests, recommendations or concerns to the Pensions Committee. In support of this any member of the Board may attend a Committee meeting as an observer.

The Board should report any concerns over a decision made by the Committee to the Committee subject to the agreement of at least 50% of voting Board members provided that all voting members are present. If not all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate.

On receipt of a report the Committee should, within a reasonable period, consider and respond to the Board.

Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report.

Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.

The appropriate internal route for escalation is to the Monitoring Officer and/or the Section 151 Officer.

The Board may report concerns to The Pensions Regulator for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.

Pension Board members are also subject to the requirements to report breaches of law under the Act and the Code [and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy].

## 10. Budget

### The Pension Board

The Board is to be provided with adequate resources to fulfil its role, in doing so the budget

for the Pension Board will be met from the Fund and must be approved by the Pensions Committee.

## **11. Publication of Information**

Scheme members and other interested parties will want to know that the London Borough of Newham Pension Fund is being efficiently and effectively managed. Minutes of meetings, policies and other information of interest will be published on the London Borough of Newham website.

## 12. Governance Compliance Statement

Compliance Requirement	Compliance	Notes
<b>Structure</b>		
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 the Pensions Committee responsibilities.
That representatives of participating Local Government Pension Scheme (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.	Compliant	Representative of the employers and scheme members are Pension Board rather than members of the Pensions Committee.
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 Committee.
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 Committee.
<b>Committee membership and representation</b>		
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: <ul style="list-style-type: none"> <li>▪ employing authorities (including non-scheme employers, e.g. admitted bodies)</li> <li>▪ scheme members (including deferred and pensioner scheme members)</li> <li>▪ independent professional observers</li> <li>▪ expert advisers (on an ad-hoc basis).</li> </ul>	Compliant	Trade unions appoint representative for the employees. Representative of the employers and scheme members are Pension Board rather than members of the Pensions Committee.  Expert advisers attend the Pensions Committee and/or the Pension Board as required.
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.	Compliant	All Pension Fund matters are considered by the Pensions Committee.
<b>Selection and role</b>		
That the 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 the Pensions Committee responsibilities.
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 agenda item on the Pensions Committee.
<b>Voting</b>		
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 the Pensions Committee responsibilities.



<b>Training/Facility Time/Expenses</b>		
That in relating 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 document.
<b>Meetings</b>		
That an administering authority's main committee or committees meet at least quarterly	Compliant	As set out in the Pensions Committee responsibilities.
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 Committee.
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interest of key stakeholders can be represented.	Compliant	Represented on the Pension Board.
<b>Access</b>		
That subject to any rules in the council's constitution, all members of main and secondary committees or panels has 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.
<b>Scope</b>		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	As set out in the Pensions Committee responsibilities.
<b>Publicity</b>		
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 Pensions Committee minutes reports and Pension Fund policies are published on the Council's website.

## Appendix I: The Pension Committee Member Training and Development 2020/21

Date	Member Training Session	Attendees
4 June 2020	Pensions Covid-19 Meeting	Cllr Nareser Osei Cllr Joshua Garfield Cllr Nilufa Jahan Cllr Winston Vaughan Cllr Harvinder Singh-Virdee Cllr Zuber Gulamussen
18 June 2020	Quarterly Strategy Review Meeting	Cllr Nareser Osei Cllr Joshua Garfield Cllr Nilufa Jahan Cllr Winston Vaughan Cllr Harvinder Singh-Virdee
15 September 2020	Fathom's Global Economic update	Cllr Nareser Osei Cllr Joshua Garfield Cllr Nilufa Jahan Cllr James Asser
30 September 2020	Quarterly Strategy Review Meeting	Cllr Nareser Osei Cllr Joshua Garfield Cllr Tonii Wilson Cllr John Gray Cllr James Asser Cllr Harvinder Singh-Virdee
29 October 2020	Member Training on Equities Management	Cllr Nareser Osei Cllr Joshua Garfield Cllr Nilufa Jahan Cllr John Gray Cllr Tonii Wilson Cllr Harvinder Singh-Virdee
11 November 2020	Fathom's Global Economic update	Cllr Nareser Osei Cllr Joshua Garfield Cllr Nilufa Jahan Cllr John Gray Cllr Tonii Wilson
25 November 2020	Quarterly Strategy Review Meeting	Cllr Nareser Osei Cllr Nilufa Jahan Cllr John Gray
19 January 2021	Fathom's Global Economic update	Cllr Nareser Osei Cllr Tonii Wilson Cllr John Gray Cllr Nilufa Jahan
3 February 2021	Quarterly Strategy Review Meeting	Cllr Nareser Osei Cllr Joshua Garfield Cllr Nilufa Jahan Cllr John Gray Cllr Harvinder Singh-Virdee Cllr Nazir Ahmed Cllr James Asser
25 February 2021	Member Training Session on Private Markets	Cllr Nareser Osei Cllr John Gray Cllr Joshua Garfield Cllr Nazir Ahmed

Date	Member Training Session	Attendees
25 February 2021	Member Training on Real Assets	Cllr Nareser Osei Cllr Tonii Wilson Cllr Nilufa Jahan Cllr John Gray Cllr Joshua Garfield Cllr Nareser Osei Cllr Zulfiqar Ali
4 March 2021	Member Training Session on Private Equity	Cllr Nareser Osei Cllr Winston Vaughan Cllr John Gray Cllr Tonii Wilson Cllr Nazir Ahmed Cllr Nilufa Jahan
4 March 2021	Member Training Session on Structured Equity	Cllr Nareser Osei Cllr Tonii Wilson Cllr Nazir Ahmed Cllr Joshua Garfield Cllr Nilufa Jahan
10 March 2021	Member Training on Climate Risk Management	Cllr Tonii Wilson Cllr Joshua Garfield Cllr James Asser Cllr Harvinder Singh-Virdee
20 April 2021	Fathom's Global Economic update	Cllr Nareser Osei Cllr Tonii Wilson Cllr Nazir Ahmed Cllr Joshua Garfield Cllr Nilufa Jahan Cllr John Gray
27 April 2021	Quarterly Strategy Review Meeting	Cllr Nareser Osei Cllr Tonii Wilson Cllr Joshua Garfield Cllr Nilufa Jahan Cllr John Gray
20 May 2021	Climate Risk Management	Cllr Nareser Osei Cllr Nilufa Jahan Cllr John Gray
22 June 2021	Fathom's Global Economic update	Cllr Nareser Osei Cllr Tonii Wilson Cllr Joshua Garfield Cllr John Gray Cllr Winston Vaughan