

Governance Policy & Compliance Statement

This statement is prepared in accordance with regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008, which require administering authorities to maintain and publish a statement on its governance policy and its compliance with statutory guidance issued by the Secretary of State for Communities and Local Government.

Legal Framework

The terms of the Local Government Pension Scheme are contained in three sets of regulations:

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008

They apply to employees of local authorities other than teachers, fire fighters and police officers. Other specified bodies providing public services are included by statute or may apply for admission.

Responsibility

The Administering Authority for the Local Government Pension Scheme in Hertfordshire is Hertfordshire County Council. Management of the Local Government Pension Scheme is a non-executive function.

The Local Authority (Functions & Responsibilities) (England) Regulations 2000, state that the functions relating to the Local Government Pension Scheme are the responsibility of the full council. The County Council has delegated these functions to an Investment Committee, whose members can make decisions without reference to the full council.

In parallel to this, the County Council has delegated functions relating to the Pension Fund to the County Council's Finance, Information & Commercial Services Director, as specified in Annex 3 (Responsibility for Functions) of Hertfordshire County Council's Constitution.

Terms of Reference

The Investment Committee and Finance, Information & Commercial Services Director are responsible for the functions set out in the following regulations:

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended).
- Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (as amended)

To clarify this parallel delegation, the Investment Committee has agreed a protocol setting out the division of responsibility between itself and the Finance, Information & Commercial Services Director. This states that the committee is responsible for policy matters including:

- Asset Allocation decisions.
- Appointing (and, when necessary, dismissing) Investment Managers.
- Setting Administering Authority discretions.
- Monitoring the performance of Investment Managers and the investments made.
- Setting and reviewing the overall investment strategy of the fund.
- Approval and review of:
 - Statement of Investment Principles
 - Funding Strategy Statement
 - Governance Policy Statement
 - Communications Strategy Statement
- Appointing (and, when necessary, dismissing) Investment Consultants.
- Reviewing the cost of investment management.
- Setting performance objectives for the fund.

All other operational decisions to implement these policies are delegated to the County Council's Finance, Information & Commercial Services Director.

Representation

The Investment Committee is made up of eight County Council members (in proportion to the political representation of the full council), three (non-voting) District Council representatives elected by the Hertfordshire Local Government Association and three substitute members (one for each political party).

County Council members, as elected members of the administering authority, have voting rights in accordance with the Local Government (Committee and Political Groups) Regulations 1990 SI No 1553 5 (1)(d).

A staff representative, nominated by UNISON, is invited to attend meetings as an observer.

The County Council's Finance, Information & Commercial Services Director attends meetings to advise the committee.

An annual meeting is held for all employers in the Hertfordshire Pension Fund to inform them of decisions made and allow them to ask questions directly to the Investment Committee, Officers and Fund advisers.

Committee meetings and training

The Investment Committee meets once a quarter.

An annual workshop, run by the Fund's Investment Consultant, is held for members of the committee to provide members with on going training on pension and investment matters and to provide a forum to discuss and debate issues in more detail. Induction training is offered to all new members of the Investment Committee.

Compliance with statutory guidance

The attached appendix provides a summary of how the Fund complies with the statutory guidance issued by the Secretary of State for Communities and Local Government.

HERTFORDSHIRE LGPS GOVERNANCE COMPLIANCE STATEMENT

Principle		Compliance and Comments
A. Structure	a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointment Council.	Full
	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.	Full
	c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not applicable
	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
B. Representation	a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:	

Principle		Compliance and Comments
	i) employing authorities (including non-scheme employers, e.g. admitted bodies):	<p style="text-align: center;">Partial</p> <p>The County and District Councils, whose staff make up 77% of the active membership, are represented, but no other organisations are currently. All employers are invited to observe meetings, receive minutes and to take part in the annual employers meeting.</p>
	ii) scheme members (including deferred and pensioner scheme members); iii) independent professional observers, and iv) expert advisors (on an ad-hoc basis)	<p style="text-align: center;">Full</p> <p>Unison has a place on the Committee to represent all scheme members.</p> <p style="text-align: center;">No</p> <p>The Committee do not believe it is necessary to seek advice from another party and are satisfied with advice received from officers and the investment consultant.</p> <p style="text-align: center;">Full</p> <p>The Investment Consultant attends the Committee when appropriate.</p>
	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	<p style="text-align: center;">Full</p>

Principle		Compliance and Comments
C. Selection and Role of Lay Members	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.	Full
D. 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.	<p>Partial</p> <p>The policy is clear that only County Council members can vote. As the majority of issues considered by the Committee are consensus decisions, the Committee do not see the need to change this.</p>
E. Training/Facility Time/ Expenses	<p>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 involve in the decision-making process.</p> <p>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.</p>	<p>Full</p> <p>Training is provided internally and offered to all Committee members. Reimbursement of expenses are covered by the members' allowance schemes in their authority.</p> <p>Full</p>
F. Meetings (frequency/ quorum)	<p>a) That an administering authority's main committee or committees meet at least quarterly.</p> <p>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.</p>	<p>Full</p> <p>Not applicable</p>

Principle		Compliance and Comments
	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.	Full An annual employers meeting is held to update employers on pension fund matters arising.
G. 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.	Full
H. Scope	a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Full Issues relating to the funding and benefit structure are reported to the Committee.
I. 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.	Full The Governance Policy Statement is published in the annual report and on the pension fund website.