

Pension Fund Committee

Meeting to be held on Friday, 17 June 2022

Electoral Division affected: (All Divisions);
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Lancashire County Pension Fund - Governance Compliance Statement (Appendix 'A' refers)

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Executive Summary

Under regulation 55 of the LGPS Regulations 2013, all Funds within the Local Government Pension Scheme (LGPS) in England and Wales are required to publish a Governance Compliance Statement.

The Fund has previously produced an Annual Governance Statement, together with a separate Governance Policy Statement. Both of these documents have been superseded by the requirement to produce a single Governance Compliance Statement.

Recommendation

The Committee is asked to approve the draft Governance Compliance Statement for the Lancashire County Pension Fund as set out at Appendix 'A' to this report.

Background and Advice

The Fund has previously produced the following distinct documents related to governance within the Pension Fund Annual Report:

1. Annual Governance Statement;
2. Governance Policy Statement.

As well as appearing the Pension Fund Annual Report, the Annual Governance Statement has been provided to support the LCC Annual Governance Statement each year which is included in the LCC Statement of Accounts.

Additionally, both of documents (1) and (2) were included within the Pension Fund's Annual Report together with a Governance Compliance Statement. An internal review of governance content within the Pension Fund Annual Report identified the need for updated, clearer, streamlined content.

The single new draft Governance Compliance Statement negates the need to produce the two separate documents outlined above, whilst ensuring that all the relevant content is covered in one single document within the Pension Fund Annual Report. This approach reduces complexity and reflects current regulatory requirements and best practice.

However, the Fund has also provided separate content for inclusion within the LCC's Annual Governance Statement this year which is included in the LCC Statement of Accounts. The content provided was an abridged version of the draft Governance Compliance Statement being presented to the Committee today.

Fund Governance Requirements

Under regulation 55 of the LGPS Regulations 2013, all Funds within the Local Government Pension Schemes (LGPS) in England and Wales are required to publish a Governance Compliance Statement. The regulation prescribes the content of the Governance Compliance Statement which must also be included in the annual report. The Statement should outline the overall governance structures and arrangements in place including:

- the respective roles and responsibilities of the pensions or investments committee, local pensions board and any related sub-committees or advisory panels;
- membership of each panel, board, committee or sub-committee with details of each member's voting rights, record of attendance at meetings and details of training received;
- how the CIPFA Knowledge and Skills Framework, and other training requirements, (e.g. for MIFID II and The Pensions Regulator) have been applied;
- how oversight and governance of the regional asset pool takes place¹;
- other key elements of the governance structure (e.g. key officers, cash flow/risk management arrangements and systems of internal controls);
- policies and processes for managing conflicts of interest (e.g. Codes of Conduct, Register of Interests).

Additionally the Governance Compliance Statement illustrates how governance works in everyday terms e.g. by including:

- a commentary on the work undertaken by the Pensions Committee (or equivalent) and the Local Pension Board;
- how the fund meets the requirements of "Nolan Principals" and the CIPFA/SOLACE "Good Governance Framework".

The draft Governance Compliance Statement for the Fund is set out at Appendix 'A'. Once finalised the Governance Compliance Statement will be included in the Annual Report (to be presented to the Committee at its September 2022 meeting).

¹ This is not covered within the Governance Compliance Statement itself but will be included within a relevant section of the Pension Fund Annual Report.

Consultations

LCC Finance, Worth Technical Accounting Solutions Ltd. and the Head of Internal Audit.

Implications:

This item has the following implications, as indicated:

Risk management

A sound Governance Compliance Statement which reflects the reality of the operation of the Fund represents a key assurance for members that the control framework is operating appropriately to manage risk.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
None		

Reason for inclusion in Part II, if appropriate

N/A