

Governance Compliance Statement 2023-24

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 (LGPS) on behalf of the participating employers.

This Governance Compliance Statement outlines the governance arrangements for the Fund, as required by Regulation 55 of the LGPS 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:

- 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;
- if they do so
 - a) the terms, structure and operational procedures of the delegation;
 - b) the frequency of any committee or sub-committee meetings;
 - c) 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;
- 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;
- details of the terms, structure and operational procedures relating to the Local Pension Board (LPB) established under regulation 53.

Each administering authority is required to:

- 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;
- when reviewing and making revisions to the Governance Compliance Statement the authority must consult such persons as it considers appropriate.

2. 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.

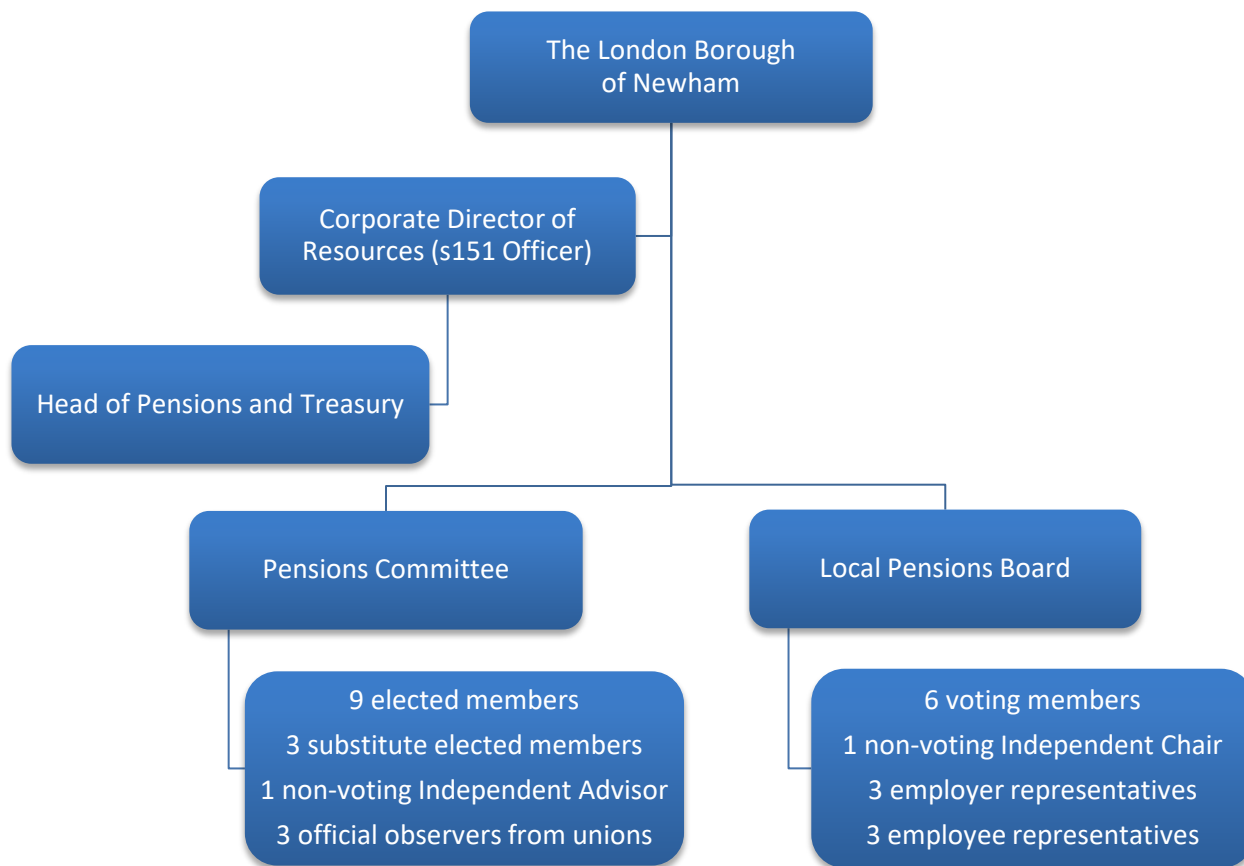
Benefits are prescribed by, and the Fund is invested in accordance with, the provisions of the following regulations under the Public Service Pensions Act 2013 (all as amended):

- 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 Fund’s 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 Fund. A separate governance structure and Scheme of Delegation is in place in relation to the London Borough of Newham employer responsibilities:



4. Quorum

Pensions Committee	Local Pensions Board
<ul style="list-style-type: none"> ▪ Three voting members of the Pensions Committee (PC) are required for a meeting to be quorate. ▪ Members may arrange for a substitute member to attend in their absence. ▪ The business of the PC shall be carried out in accordance with the Constitution. 	<ul style="list-style-type: none"> ▪ Three voting members of which at least one employer representative and one scheme member representative. ▪ In the absence of the Chair the members attending can appoint a Deputy Chair for that meeting. ▪ The business of the LPB shall be carried out in accordance with the Terms of Reference.

5. Responsibilities

Pensions Committee

The Pensions Committee (PC) 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 PC 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 Compliance 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 diversity issues are addressed in the development of policies and the provision of services and are appropriately monitored.

Corporate Director of Resources

The PC 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.

Local Pensions Board

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

- assist the London Borough of Newham Administering Authority's Scheme Manager;
- secure the effective and efficient governance and administration of the LGPS for the Fund
- in such other matters as the LGPS regulations may specify
- provide the Scheme Manager with such information as it requires ensuring that any member of the LPB or person to be appointed to the LPB does not have a conflict of interest.

In accordance with the Regulations, the LPB 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 LPB 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

- To make all decisions under Regulations made pursuant to Sections 7, 12 or 24 of the Superannuation Act not otherwise falling to the Corporate Director of Resources to determine as set out in the officers' scheme of delegation.
[Superannuation Act 1972 \(legislation.gov.uk\)](http://legislation.gov.uk)
- The PC shall be a member of the Local Authority Pension Fund Forum (LAPFF).
- The PC 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	Local Pensions Board
<ul style="list-style-type: none"> ▪ The PC 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. ▪ Representatives from the Trade Unions are invited to participate in the meeting; however they are not permitted to vote. ▪ 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. 	<ul style="list-style-type: none"> ▪ The LPB meets on a sufficiently regular basis to discharge its duties and responsibilities effectively, with support from Corporate Director of Resources and independent advisers. ▪ In the absence of the Chair, at any meeting, the members can appoint a Deputy Chair for that meeting. ▪ The Pensions Administration Manager shall give notice to all LPB members of every meeting of the LPB. The Pensions Administration Manager shall ensure that a formal record of LPB proceedings is maintained. Following the approval of the minutes by the Chair of the LPB, they shall be circulated to all members. ▪ There will be a minimum of four LPB meetings a year to be held per year, with one annual meeting being held at the beginning of the committee cycle.

8. Members and Officers Knowledge and Skills

Pensions Committee	Local Pensions Board
<ol style="list-style-type: none"> 1. Members of the PC are required to attend three days (21 hours) appropriate training from time to time. The Pension Fund Manager will invite members to such training. 2. The PC shall be entitled to determine whether certain training is desirable or compulsory for all members or certain positions. Where the PC deems training compulsory, members shall not be entitled to sit on the PC until they have attended such training. 3. 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 PC members and officers have the relevant skills and knowledge. 4. The revised CIPFA Knowledge and Skills Framework sets out the skills required for those responsible for pension scheme financial management and decision-making under each of the following areas: <ul style="list-style-type: none"> ▪ Pensions legislation and guidance ▪ Pensions governance ▪ Funding strategy and actuarial methods ▪ Pensions administration and communications ▪ Pensions financial strategy, management, accounting, reporting and audit standards ▪ Investment strategy, asset allocation, pooling, performance and risk management ▪ Financial markets and products ▪ Pension services procurement, contract management and relationship management 5. It is not the intention that PC 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. 6. 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'. 	<ol style="list-style-type: none"> 1. A member of the LPB must have capacity to become conversant with – <ul style="list-style-type: none"> ▪ The legislation and associated guidance of the LGPS) ▪ Any document recording policy about the administration of the LGPS which is for the time being adopted by the Fund. 2. A member of the LPB must have capacity to gain knowledge and understanding of – <ul style="list-style-type: none"> ▪ The law relating to pensions, and ▪ Any other matters which are prescribed in regulations. 3. It is for individual LPB 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 LPB. 4. In line with this requirement LPB members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. LPB members are therefore required to maintain a written record of relevant training and development. 5. LPB will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. 6. LPB members will comply with the Scheme Manager's training policy.

Pensions Committee	Local Pensions Board
<p>7. Each year a questionnaire is sent out to members to identify key areas that training can be arranged to address.</p> <p>8. The Fund includes in its annual report and accounts details of the knowledge and skills development undertaken by its PC members.</p>	

9. Climate Risk Governance

The Committee are supportive of initiatives they believe will be in the long-term financial interest of the Fund's member and believe greater disclosure will lead to more engagement and a more structured approach to managing this risk.

The Committee has established and published a Statement of Sustainable Investment Beliefs which reflects the broad views of members on investment, ESG and climate matters. Accompanying this is a policy on stewardship and engagement. The stewardship and engagement policy, which highlights areas the Committee believes investment managers should focus on when voting and engaging on their behalf.

As part of their climate risk governance arrangements the Committee should consider the following items:

- Ensure that climate change is identified as a risk in the Investment Strategy Statement and identify the steps being taken to address it.
- Consider the terms of Reference of the Pensions Committee and whether climate risk should be explicitly referenced within them.
- Add climate risk to the agenda of each Pensions Committee meeting as a standing item. This will enable Officers, advisers and other council representatives to keep the Pensions Committee apprised of relevant matters.
- Ensure the Statement of Sustainable Investment Beliefs is maintained and continues to be available publicly.
- Ensure the Stewardship and Engagement policy is maintained and copies sent to each of the investment managers.
- Ensure the Committee receives regular monitoring reports and annually review the investment managers ESG policies to ensure the Pensions Committee is satisfied of the managers approaches, capabilities and alignment with the Committee's own beliefs (in so far as is possible given the nature of pooled funds).
- Advice in relation to the Fund assets should include comments in relation to climate risk.
- Ensure the ongoing record of the investment managers' UK Stewardship Code 2020 signatory status is maintained.

- Consider the level of voting and engagement behaviour of the investment managers and its effectiveness.
- Feedback the outcome of all relevant discussions on climate risk to the investment managers and advise them of the Pensions Committee's expectation of them.
- Ensure Officers and advisers consider climate risk in relation to discussions with relevant stakeholders including investment managers, and that these are fed back to the Pensions Committee.
- Each investment manager's objectives in relation to climate risk management are to be included within the State of the Nation's business continuity document along with their link to the ESG policy.

10. Local Pensions Board

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

The LPB should report any concerns over a decision made by the PC to the PC subject to the agreement of at least 50% of voting LPB 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 PC should, within a reasonable period, consider and respond to the LPB.

Where the LPB 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 LPB is satisfied that there has been a breach of regulation which has been reported to the PC 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 LPB may report concerns to The Pensions Regulator for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.

LPB 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].

11. Budget

Local Pensions Board

The LPB is to be provided with adequate resources to fulfil its role, in doing so the budget for the LPB will be met from the Fund and must be approved by the PC.

12. Publication of Information

Scheme members and other interested parties will want to know that the 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.

13. Governance Compliance Statement

Compliance Requirement	Compliance	Notes
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.	Compliant	As set out in the PC responsibilities.
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.	Compliant	Representative of the employers and scheme members are LPB rather than members of the PC.
That, where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not applicable	All Fund matters are considered by the PC.
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 Fund matters are considered by the PC.
Committee membership and representation		
<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> ▪ employing authorities (including non-scheme employers, e.g. admitted bodies) ▪ scheme members (including deferred and pensioner scheme members) ▪ independent professional observers ▪ expert advisers (on an ad-hoc basis). 	Compliant except independent professional observer on the PC.	<p>Trade unions appoint representative for the employees. Representative of the employers and scheme members are LPB rather than members of the PC.</p> <p>Expert advisers attend the PC and/or the LPB as required.</p>
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 Fund matters are considered by the PC.

Compliance Requirement	Compliance	Notes
Selection and role		
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 PC 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 PC.
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.	Compliant	As set out in the PC responsibilities.
Training/Facility Time/Expenses		
That in relating to the way in which statutory and related decisions are taken by the administering authority, there is a training policy incorporated with the annual business plan, 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.
Meetings		
That an administering authority's main committee or committees meet at least quarterly.	Compliant	As set out in the PC 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 Fund matters are considered by the PC.
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 LPB.

Compliance Requirement	Compliance	Notes
Access		
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.
Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	As set out in the PC responsibilities.
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.	Compliant	All PC minutes reports and the Fund policies are published on the Council's website.

Appendix 1 Member Training Development Log 2023/24

Date	Member Training Session	Attendees
7 June 2023	Fathom's Global Outlook Global macro-economic outlook Financial market projections	Cllr John Gray - Chair Cllr Joshua Garfield Cllr Jennifer Bailey Cllr Winston Vaughan Cllr Larisa Zilckaja Cllr Caroline Adaja
19 June 2023	Quarterly Strategy Review Private Equity training	Cllr John Gray - Chair Cllr Joshua Garfield Cllr Jennifer Bailey Cllr Larisa Zilckaja Cllr Caroline Adaja Cllr Rohit Dasgupta Cllr Lester Hudson
4-5 September 2023	LCIV Strategy and Responsible Investment annual Conference	Cllr John Gray - Chair
13 September 2023	Cheyne – Poplin opening	Cllr John Gray - Chair
20 September 2023	Quarterly Strategy Review 1 Global macro-economic outlook Financial market projections Structured Equity and FX hedging DLUHC consultation on Next Steps for Investments in the LGPS	Cllr John Gray - Chair Cllr Caroline Adaja Cllr Rohit Dasgupta Cllr Larisa Zilckaja Cllr Jennifer Bailey
4 October 2023	Quarterly Strategy Review 2 Newham's Net Zero strategy TCFD implementation Strategic asset allocation Active equity review	Cllr John Gray - Chair Cllr Joshua Garfield Cllr Jennifer Bailey Cllr Larisa Zilckaja Cllr Caroline Adaja Cllr Jemima McAlmont
15 November 2023	Quarterly Strategy Review Active manager review Update on equity protection Allocation to private markets Update on the investment strategy statement	Cllr John Gray - Chair Cllr Jennifer Bailey Cllr Caroline Adaja

Date	Member Training Session	Attendees
12 February 2024	Fathom's Global Outlook Global macro-economic outlook Financial market projections	Cllr John Gray - Chair Cllr Jennifer Bailey Cllr Larisa Zilckaja
20 February 2024	Investment Strategy Member Training Background on the Fund's investment strategy and structure The current investment strategy Asset class deep dive Liquidity of the strategy	Cllr John Gray - Chair Cllr Jennifer Bailey Cllr Caroline Adaja Cllr Jemima McAlmont Cllr Winston Vaughan Cllr Nate Higgins
4 March 2024	Quarterly Strategy Review Draft Investment Strategy Statement Equity/currency protection Private markets Climate & ESG update	Cllr John Gray – Chair Cllr Joshua Garfield Cllr Jennifer Bailey Cllr Caroline Adaja Cllr Winston Vaughan Cllr Nate Higgins Cllr Larisa Zilckaja