

Committee: Merton Pension Committee

Date: 24 November 2021

Wards: All

Subject: Governance Arrangement

Lead officer: Caroline Holland- Director Corporate Resources

Lead member: Cllr Tobin Byers- Corporate Resources

Contact officer: Roger Kershaw- Assistant Director- Corporate Resources

Recommendations:

- A. To update members on the new Governance arrangements for the Pensions Committee and to note the importance of good governance arrangements for the Pension Fund.
 - B. To note the Pension Fund advisory panel is now formally a Pension Committee under the constitution of the Council (approved by full council on the 07 July 2021) and is now a full decision making committee
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. Good governance is the bedrock of a well-run pension scheme. There is a clear link between good governance and good fund performance so it is an essential part of effective scheme management. Without good governance, you are unlikely to achieve good outcomes for members.
- 1.2. Good governance is about having a motivated, knowledgeable and skilled Committee in place. It's also about having the right structures and processes to enable effective, timely decisions and risk management, and to provide clear scheme objectives. It helps you to effectively oversee:
 - administration and record-keeping
 - funding (where the scheme has defined benefits) and investment
 - communications with members

2 DETAILS

- 2.1. Good governance calls for a clear identification and separation of the operational and oversight responsibilities of a pension fund. To the extent that a pension entity is established that owns the pension fund on behalf of fund members and beneficiaries.
- 2.2. Pension matters are delegated to the Pensions Committee of the London Borough of Merton (as administrating authority for the Local Government Pension Scheme of the Merton Pension Fund).
- 2.3. The Pensions Committee decides the overall policy objectives, strategy and operation of the Fund in accordance with relevant legislation and in the best interests of its members and employers.

- 2.4. It also decides the strategy for the investment of pension fund money and monitors and reviews investment arrangements. Its purpose and structure is set out in the Committee's terms of reference.
- 2.5. Please see Appendix 1 for the updated Pension Committee terms and Reference.
- 2.6. Good Governance requires the Pension Funds to have a Pension Board as well (set out in the Public Service Pensions Act 2013).
- 2.7. The Board's role is to oversee the Fund's operation and ensure that it's meeting its legal and administrative requirements. The Board operates in accordance with its terms condition approved by the full council.
- 2.8. The Pension board is made up of four members, two employer representatives and two member representatives. The Board meets four times a year to review the administration of the pension fund and process followed by the pension committee in making the decisions.
- 2.9. The Appendix 2 – detailed the terms and condition of the Merton Pension Board

3 ALTERNATIVE OPTIONS

- 3.1. Not Applicable

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Discussion with the internal Legal team –South London Legal Partnership

5 TIMETABLE

- 5.1. Not Applicate

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Not Applicate

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. None

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appdx 1 Merton Pension Fund- Terms and Reference
- Appdx 2 Merton Pension Board Terms and Reference

12 BACKGROUND PAPERS

- 12.1. Local government pension Act and the pension Regulator requirements