

LONDON PENSIONS FUND AUTHORITY

Governance Policy Statement

The LPFA was established as a Public Body on 31st October 1989 by 'The Local Government Reorganisation (Pensions etc.) Order 1989' [SI 1815]. The Order is the primary instrument for the LPFA's powers and duties, which in the context of the Fund administration are very similar to those of local government authorities.

Appointments to the Board, and thereby the assignment of voting rights, are the responsibility of the Mayor in accordance with the provisions of SI No. 1815 which require there to be between seven and eleven members, of which one half, excluding the chairman, are to be appointed following consultation with representatives of local government in London.

The appointment process is operated by the Greater London Authority, and is by open advertisement and subject to independent scrutiny. The terms and conditions of appointment are set out in a formal letter which includes the length of appointment, remuneration, and details of the role and responsibilities of members.

The LPFA Board operates under a framework of corporate governance and undertakes its responsibilities with reference to Standing Orders, which are similar to those found in all local authorities and prescribe all activities relating to the conduct of Board business. These Standing Orders represent the fundamental underpin of corporate governance and may only be amended by formal approval of the Board.

While all responsibilities are retained at Board level, business is also conducted through the operation of two principal standing committees ~ Investment and Performance and Administration. The governance arrangements of the LPFA are monitored and reviewed by the Audit Committee as part of the arrangements for internal control.

The Committees are advisory bodies with no executive powers, but are authorised to investigate any activity within their terms of reference. There are formal terms of reference and key responsibilities defined for these Committees, and these are shown in the Governance Report which forms part of the Authority's Annual Report and Accounts. These documents can be accessed from the LPFA web site www.lpfa.org.uk

All meetings of the Board are open to the public. Currently the Board meets five times a year, the Investment Committee every six weeks, and the Performance and Administration Committee quarterly.

The principal officers of the LPFA have certain statutory and formal responsibilities. Executive powers are delegated to the principal officers under a statement of authorised action which sets the parameters within which the officers can implement Board decisions and operate the day-to-day business of LPFA.

While there are no employer or fund members on the Board, representation is facilitated through the use of the Fund member panel, the employer panel and the HE Sector Consultation Group covering universities and colleges.

The panels meet at least twice a year and a London based Trades Union representative is invited to attend meetings of the Fund member panel. Also, a representative of that panel is invited to attend Board meetings as an observer. The activities of the panels and the consultation group are reported to the Board.

This policy statement will be reviewed annually, and revised and re-published following any material change in the above arrangements.

Approved by Board 2nd February 2006

Revised 5th October 2006