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London Pensions Fund Authority **Local Code of Corporate Governance**

July 2022

Contents

1. Introduction	2
2. About the LPFA	2
3. Defining Corporate Governance	4
4. Key principles of corporate governance	4
A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	3
B. Ensuring openness and comprehensive stakeholder engagement	5
C. Defining outcomes in terms of sustainable economic, social & environmental benefits	5
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	5
E. Developing the authority's capacity, including the capability of its leadership and the individuals within it	6
F. Managing risks and performance through robust internal control and strong public financial management	7
G. Implementing good practices in transparency, reporting and audit to deliver effective and accountability	9
5. Glossary	10

London Pensions Fund Authority

Local Code of Corporate Governance 2022

Introduction

We, the London Pensions Fund Authority (LPFA) are a corporation established by statute to operate under a framework related to its primary function of administering a Local Government Pensions Scheme (LGPS). As such, we must comply with legislation, as applied, and the statutory regulations related to the administration of the Scheme.

As a corporate body and single purpose local government pension fund, we are influenced in two ways: guidance in regard to local authorities; and guidance in pension fund management. We must also have regard to contractual or fiduciary relationships to our key stakeholders, including employers, scheme members and tax payers.

This Local Code of Corporate Governance (Code) has been developed in accordance with Delivering Good Governance in Local Government: Framework (Chartered Institute of Public Finance and Accountancy (CIPFA)/Solace, 2016), which outlines the principles and standards for the proper conduct of business.

This document endeavours to reflect the guidance and best practice, where possible, whilst having regard to the requirements placed on pension funds to demonstrate effective scheme governance. The Code is comprised of seven core principles and is articulated in a number of published governance documents on the LPFA.org.uk website under the Our Policies and Procedures Section.

The Code is reviewed regularly and monitored by the Audit and Risk Committee (ARC), prior to the publication of the Annual Governance Statement (AGS) on the LPFA website. In addition, an AGS annual action plan is devised to maintain best practice in corporate governance.

About the LPFA

Background

In April 2016, we collaborated with Lancashire County Council (LCC) to form the Local Pensions Partnership Ltd (LPP Group), a pensions services organisation. The implementation and delivery of many of our functions have been outsourced to the LPP Group, including investment management and pension administration. A Service Level Agreement (SLA) is in place between us and the LPP Group to manage the delivery of these related functions as a client. The LPFA Board has oversight of LPP and receives monitoring reports against the SLA on a quarterly basis. We also have influence over the LPP Group, as a 50 percent shareholder, through the Shareholder Agreement, which states the key matters reserved for shareholder approval, including remuneration, budget and strategy.

Following the establishment of the LPP Group, LPFA initially retained a small Executive resource to act in a client role, to ensure the work carried out by LPP met the SLAs and that sufficient support, guidance and advice was provided to enable LPFA's statutory functions to be met. Following a review into both the existing relationship with LPP as shareholder and as a client, in 2019 LPFA established a number of further executive roles to provide specialist oversight. The current Senior Leadership Team consists of the Chief Executive Officer (CEO), Chief Legal and Compliance Officer, Finance Director, Funding and Risk Director and Chief of Staff.

Our mission

To provide a high-quality cost-effective pensions service that meets the needs of our different employers and members whilst playing a collaborative role in the wider pensions world.

Our vision

"As a pension fund, we are stewards of the future. Primarily stewards of our members' financial future, ensuring robust pension provision. Furthermore, how our members' funds are invested also impacts the future of our economy, our environment, our society and therefore our members' future.

We take this broader responsibility seriously, as a commitment to future generations and to the shape of today's world. Consequently, we regularly look at the urgent major environmental and social issues facing the world and work to ensure we are positively influencing them.

Our ongoing major focus is on the climate emergency and how we can invest member funds to mitigate the financial risk from climate change, influencing the broader economy via our engagement opportunities and clearly communicating both our approach and our progress. As a responsible investor, it is important that the LPFA plays its part in tackling these ethical, financial and societal issues.

Our aims

Paying pensions and operating efficiently

Our primary purpose as a pension fund is to ensure that members are paid their correct benefits at the correct time, principally when they retire. We also aim to deliver LGPS pension services to a high quality and in a cost effective and efficient way. In doing so, it is our intention that we continue to use LPP to deliver the majority of these services on our behalf. Assets held within the LPFA Fund will continue to be managed by LPP, alongside liability management, and our member administration. We will continue to use our position as an active shareholder of LPP to both support and oversee achievement of its strategic objectives.

Supporting collaboration in the industry

We also seek to contribute to the wider London, LGPS and Local Authority community and particularly assist, where possible, any facilitation of growth in LGPS collaboration. There may be instances where we are the natural home for new employers and the LPFA Board will encourage the Government to view us as such. More widely, we will continue to be collaborative in sharing experiences, our learning and best practice with other LGPS funds, as well as the pools and the wider UK pensions industry to help achieve our vision and deliver for our stakeholders.

Investing responsibly

We are committed to being a responsible investor, investing in companies with well governed assets to obtain long term sustainable returns. Integrating Environmental, Social and Governance (ESG) factors in our investment approach is good risk management and part of our duty to members and employers of the Fund. Investments that exploit the environment or otherwise give rise to risk arising from poor or unsustainable business practices are not consistent with the longer term investment goals of the Fund.

To this end, in March 2021 the LPFA Board announced its commitment to achieving net zero portfolio greenhouse emissions on the Fund's investments by 2050 or sooner.

Our Responsible Investment (RI) principles aim to reduce the financial risk to our Fund through active ownership practices. This is a recognition that the long-term health of society, the planet and the market are all connected.

Our behaviours

In addition to the Board's vision, our Strategic Policy Statement (SPS) sets out the foundation of our behaviours:

Be the best

- Strive to deliver the best for all our stakeholders.

Deliver results

- Focused on performance; be it from the Board, Officers, or wider LPFA suppliers and stakeholders.

Our people matter

- We create a supportive, diverse and high performing work culture.

Accentuate collaboration

- Adopt a collaborative approach both internally and externally.

Act with integrity

- Build trust and promote openness.

Defining corporate governance

This document will use the same definition as the CIPFA/SOLACE (2016) for Governance:

"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved." (Page 8, CIPFA/IFAC, 2014)

The arrangements refer to the systems, processes and values in place which guide how LPFA engages with its stakeholders. LPFA is committed to achieving the best interest of its stakeholders through adopting the key principles of good governance, which are outlined in the following section.

Key principles of corporate governance

This Code follows the seven core principles of good governance outlined in the CIPFA/Solace 2016 guidance. When the supporting principles clarify a principle and/or are in addition to a principle, they are included after the primary principle.

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The LPFA Board has committed to the set of behaviours (page 4) which have been identified as being integral to the success of the organisation. Acting with integrity underpins the guiding approach. Our vision demonstrates a commitment to stewardship and seeking to deliver the best for all stakeholders.

Incorporating our commitment to ethical values and respecting the rule of law through good governance arrangements and communication through collaboration

The SPS outlines LPFA's strategic objectives and vision for a rolling three year period and is annually reviewed by the Board. In addition, our CEO regularly meets with representatives from LPP Group, both from a client and shareholder perspective, encompassing reviews of areas such as SLAs and updates on the LPP Group as a business, alongside more strategic matters.

We have an important role in ensuring that the LPP Group remains accountable and provides the necessary assurance to LPFA as an engaged shareholder. We have a shareholder director position on the LPP Group Board. Our CEO attends shareholder meetings with LPP shareholder representatives and is an observer at LPP Board meetings. All major decisions, as well as those that relate to the LPFA as an administering authority under LGPS regulations, are reserved to the LPFA Board for approval.

We have effective arrangements to ensure compliance with all applicable statutes and regulations, including anti-bribery and other relevant guidance or best practice. Internal financial controls are in place to ensure lawful expenditure. These include:

- financial regulations;
- authority levels for placing orders or approving payments;
- spend within an agreed budget; and
- reconciliation of invoices with orders.

Formal codes of conduct are in place to define the standards of personal behaviour required from Board members and employees. Members and Principal Officers are asked to disclose any personal or prejudicial interests, and our Constitutional Document sets out the following codes of conduct under LPFA's standing orders:

i. Code of best practice for members

The Code of best practice is enforced under LPFA's power of self-regulation and sets out the rules relating to disclosure of personal interests and related-party transactions. It incorporates the 'seven principles of public life' (Nolan principles) and is further underpinned by local guidance on gifts and hospitality for Board members and Principal Officers.

The registers of interests declared by Board Members and Principal Officers are available for public inspection and are reviewed regularly by the ARC.

The registers of gifts, hospitality and expenses for Board Members and Principal Officers are published on the LPFA website on a quarterly basis.

ii. Conflicts Policy

This policy supports the code of best practice for Board Members and seeks to identify and manage conflicts associated with the investment of the fund; Legal Counsel's opinion was obtained when the policy was developed. The Monitoring Officer is responsible for ensuring that the Conflicts Policy is followed. Each year, Board Members are required to complete a statement declaring their compliance with the Policy. It is their responsibility to keep the Monitoring Officer updated of their personal interests. Board Members interests are publicly available on our website.

iii. Code of Conduct for Staff

Similar to that of Board members, this incorporates the Nolan principles. Staff are required to carry out their work in accordance with several formal codes of practice and standing orders, as approved by the Board. Failure to comply with these codes may invoke disciplinary action.

iv. Redress

Our website contains information on how member complaints are dealt with; <https://www.lpfa.org.uk/members/if-you-have-complaint>

The LGPS administration is also subject to a regulatory Internal Disputes Resolution Procedure (IDRP). The Pensions Advisory Service (TPAS) can help any member in seeking redress.

These procedures are open to high-level independent review, as relevant, by TPAS, the Pensions Ombudsman, and the Local Government Ombudsman.

The codes of conduct above will be enforced by the Board under the LPFA's power of self-regulation, and by recommendation to the Mayor of London (the Mayor), where the Board believes that a member of the Board is no longer suitable to continue as a Board member.

B. Ensuring openness and comprehensive stakeholder engagement

Including supporting principles:

- Engaging comprehensively with institutional stakeholders; and
- Engaging with individual citizens and service users effectively.

We have established clear channels of communication with all stakeholders on LPFA's strategic aims, objectives, and performance. Procedures are in place to monitor effectiveness

and we seek continuous improvement in what we do. A Communication Policy is available on our website. Our stakeholders include fund members, employers, government, communities and local government, taxpayers, and industry influencers such as Pensions and Lifetime Savings Association (PLSA). Arrangements are in place with LPP to encourage online membership and to engage with, contribute to, and participate in, the activities of LPFA. This is generally via newsletters, forums, and public Board meetings. In addition, we have a representative body, the Local Pension Board (LPB), which comprises of representatives from employers and members of the Fund and has an Independent Chair. The LPB meets throughout the year and reports to the main LPFA Board on an annual basis (see below).

LPFA Board member appointments are made by the Mayor under an open and transparent process operated by the Greater London Authority (GLA). We make the names and relevant interests of our Board members available to the public on our website. We also publish a series of statutory and other documents on our website.

Public Board meetings and other open meetings are held both for members of the scheme and for employers.

We communicate to our different stakeholders in different ways:

- LPP – Annual General Meeting, shareholder engagement quarterly meetings, Shareholder Engagement Forum (Annual), Investor Forum (Twice a year), management meetings with LPP, quarterly SLA reports to the Board and CEO.
- Members of the scheme – newsletters, guides, a member portal and the LPFA website provide information, whilst the annual Fund Members' Forum, LPB and regular surveys, provide the opportunity to give feedback.
- Scheme employers – Regular newsletters, guides, an employer portal and the LPFA website provide updated information. An annual employer forum, LPB and meeting programme provide opportunities for feedback. A practitioners' conference and regular training sessions are held to support employers.
- GLA – There are regular meetings between the GLA with the LPFA CEO, and the LPFA SPS and Medium Term Financial Plan (MTFP) are submitted to the GLA for comment annually. These are supplemented by quarterly strategic meetings between the Chair, the LPFA CEO and the Mayor's Chief of Staff. Other engagement occurs between LPFA and GLA on climate change and treasury management and other subjects.
- Wider pensions community – LPFA has representation on national and local forums, specifically the Local Authority Pension Fund Forum, CIPFA Pensions Panel, and the Local Authority Committee of the PLSA. In addition, LPFA officers attend all major pensions conferences to provide an opportunity to learn and exchange information. We have also implemented a media relations programme to ensure that LPFA developments are communicated to relevant stakeholders.
- Wider community – publication of annual report and accounts, website (browse aloud enabled).

C. Defining outcomes in terms of sustainable economic, social & environmental benefits

Our proactive approach to addressing ESG issues in our investment policies has been developed over several years and is reflected in our Responsible Investment (RI) Policy.

We focus on our own community through a targeted approach to service delivery and accountability to the Fund membership and other stakeholders. As the day-to-day investment implementation and management has been outsourced to LPP Investments Ltd (LPPI), LPPI is conscious of the potential impact on the environment, and regularly considers LPFA's RI and Climate Change Policies. These policies aim to manage the risks to the fund from issues like climate change, whilst also producing an overall positive impact on stakeholders and society.

For the next strategic period, sustainability (in all senses), RI and collaboration, both internally and externally, are key priorities for LPFA. Future sustainable investment requires additional focus as LPFA seeks to build on the progress made on its climate change and RI policies and meet its commitment to achieving net zero portfolio greenhouse emissions on the Fund's investments by 2050 or sooner.

Our RI strategic approach and priorities reflect conviction about the importance of evaluating risks and opportunities with potential to materially impact the value of our investment portfolio. This belief is embedded within the stewardship arrangements we have agreed with LPPI.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Including supporting principle:

- Planning interventions

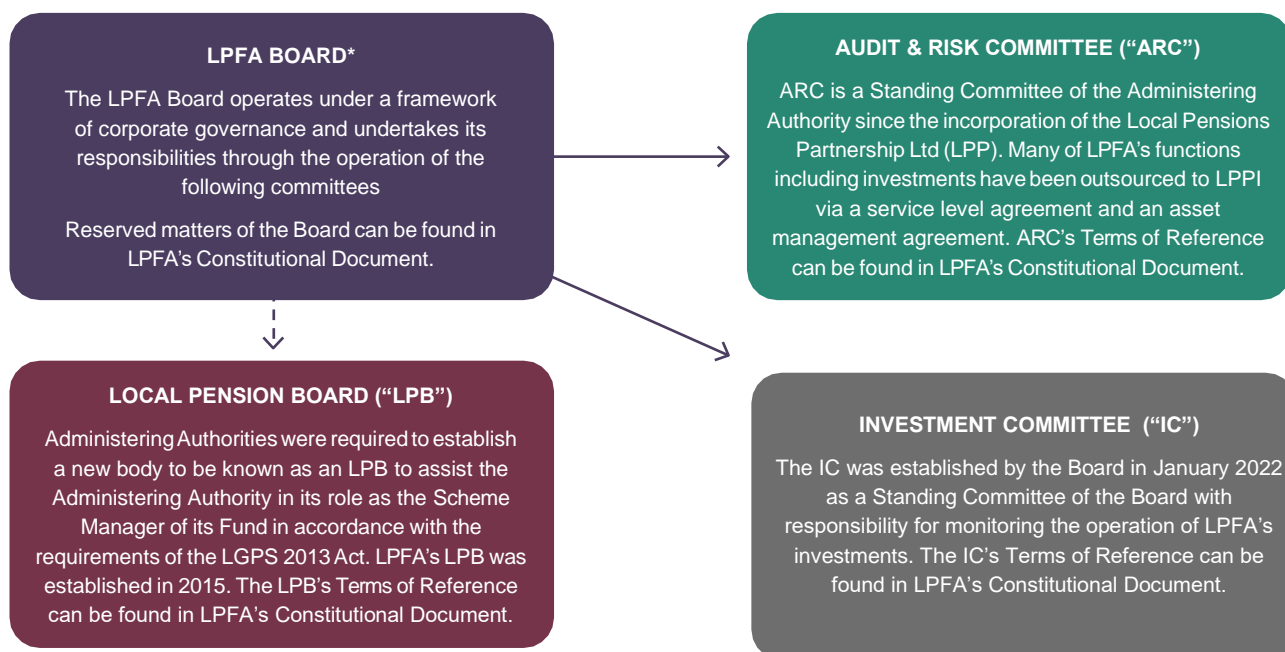
Our objectives are reviewed annually by the Board and key responsibilities and actions are identified for the ensuing three-year period. An annual Strategy Away day provides an opportunity for the Board to discuss and test our direction, from which the SPS and MTFP are developed and approved by the Board. These set the objectives for the Board and our Principal Officers and allow the Board to assess our governance arrangements. Both documents are shared annually with the Mayor before publication.

The SPS contains our vision, aims and behaviours, and sets out our three strategic objectives:

- evolution in investments and liability management;
- partnership working and wider collaboration; and
- operational efficiency and a robust shareholder role.

The LPFA Board meets regularly to consider plans, actions and the strategic direction of the organisation through formal quarterly monitoring against the SPS. The Constitutional Document clearly documents the responsibility of the decision making of the Board and Principal Officers in relation to the partnership.

Board and Committee Structure



All Board and Committee reports have a governance 'compliance checklist' as part of the corporate governance framework. This is to ensure full consideration is given to:

- regulatory and statutory compliance;
- strategic, operational, and financial risks;
- social, environmental, RI and ethical issues;
- equality and diversity policies; and
- communication issues.

We publish an annual report each year on our website, presenting an objective and clear account of our achievements, financial position and performance.

We continuously review our procedures to ensure that cost effective performance is maintained and that services delivered by LPP support our objectives. Our Investment Strategy is designed for the long term, and investments are monitored on a quarterly basis. Asset allocation strategies are as efficient as possible in providing the best returns for the appropriate amount of risk.

E. Developing the authority's capacity, including the capability of its leadership and the individuals within it

Board

The Constitutional Document brings together an underlying set of legislative requirements, reserved matters of the Board, including shareholder reserved matters in connection with the partnership, governance principles and management processes. This underpins the Board's confidence that there is an effective system in place to ensure the Board complies with its responsibilities. Board Members carry out an annual self-assessment and review process with the LPFA Chair.

Audit and Risk Committee (ARC)

The ARC monitors and reviews LPFA's financial obligations, including standards the Fund's Annual Report and Accounts and compliance with related policies. ARC discusses with the appointed external and internal auditors the nature and scope of our audits, and monitors the implementation of audit recommendations. It is responsible for ensuring an appropriate risk management framework is in place. The Committee also monitors the risks and internal controls to ensure that LPP is accountable for the services it provides to LPFA, and gives assurance to us that these are being delivered to expected standards. The Committee's duties are highlighted in its terms of reference and form part of the published Constitutional Document.

Investment Committee (IC)

The IC monitors the operation of LPFA's investment and funding arrangements, and makes recommendations to the LPFA Board, as necessary. It also has been delegated authority to take certain investment related decisions on behalf of the Board, including review and approval of the Funding Risk Management Framework.

Board member training and induction

The LPFA Board meets four times a year and has time set aside for training and familiarisation after each session. The latter tends to be a formal presentation on specific topics relevant to all Board members. At the start of each financial year, LPFA's

Chair meets with Board members individually. The Chair also sets objectives for the following year for members where this is required.

The Chair and CEO then agree the programme of collective and individual training, communicating with each Board member accordingly. The training plan is periodically reviewed by the Board to ensure that it remains fit for purpose.

New Board members complete a self-assessment form as part of a tailored induction process and are encouraged to complete The Pensions Regulator Public Service Toolkit within six months of their appointment. Members are also recommended to observe Committee and LPB meetings during the early months of their appointment to develop relationships and understand our operational processes.

All Board members attend an annual Board member away day where current challenges to LPFA are discussed, priorities identified and future strategy developed. These events are off-site and may include external speakers who are relevant to the topic to be discussed. Any decisions taken at the away day are ratified by the Board at its next meeting.

LPB member training and induction

LPFA has an induction and training programme in place for the members of the LPB. Where topics are relevant, LPB Members are invited to attend the main Board's training sessions. New members complete a self-assessment form as part of their induction process, the outcome of which is fed into an individual training plan and used to identify areas of collective and individual LPB members training. Training sessions are held at the beginning of each LPB meeting. Additionally, as part of their induction process, new members are encouraged to complete The Pensions Regulator Public Sector Toolkit within six months of their appointment.

Staffing and administration

In October 2021, in addition to the CEO, the Principal Officers of LPFA were confirmed as being the CEO, Chief Legal and Compliance Officer (who also acts as the Monitoring Officer), the Finance Director (who also acts as the Section 151 Officer), the Funding and Risk Director and Chief of Staff. The Principal Officers annually review the business planning and budget process, including the governance framework, and lead on generating improvements in risk management and monitoring audit recommendations.

Administration of the business is supported by a series of internal codes of practice.

Conduct of Board Business

LPFA's Standing Orders prescribe all activities relating to the conduct of Board business, and represent the fundamental basis of the corporate governance framework. The Standing Orders may only be amended by formal approval of the Board.

The Board may set up standing committees to consider more detailed aspects of the business. There are currently two standing committees of the Board; the ARC and the Investment Committee (IC). Both committees have formal terms of reference defining their key responsibilities.

The Board and Principal Officers use specialist advisors on an ad hoc basis. To ensure value for money, the preference is to utilise internal skills and expertise, where practical to do so, but at times, it is necessary to obtain external advice and/or skills.

Principal Officers have certain statutory and formal responsibilities which are described in LPFA's Constitutional Document. Executive powers are delegated to the CEO under a scheme of delegation. This sets the parameters within which the officers can implement Board decisions and operate the day-to-day business of LPFA. In addition, a number of powers are reserved as matters to be purely considered by Board.

Board appointments and responsibilities

Appointments to the Board are the responsibility of the Mayor in accordance with the provisions of SI 1989 No. 1815, which require the LPFA Board to have between seven and eleven members. The Mayor may also appoint a deputy Chair.

The appointment process is administered by the GLA. The process 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. Board members are usually appointed for a period of three to four years and may serve for up to two terms.

We require each Board member to complete a competency statement outlining their skills and experience relevant to the appointment and to undergo regular training.

Board as an employer

The Board has certain moral and legal responsibilities to those who work for LPFA, including a duty to develop the skills, experience and potential of employees to further the objectives of the organisation. The Board, as an employer, is responsible for ensuring that the organisation:

- complies with employment law;
- avoids discrimination of any kind against employees or potential employees;
- has a statement of terms and conditions of employment and clear policies on a wide range of human resource management issues such as promotion, disciplinary and grievance procedures, and staff development; and
- observes health and safety and environmental requirements.

The Board is also responsible for the recruitment of the CEO and senior employee succession. Any Board member taking part in a recruitment exercise will need to be familiar with employment legislation as well as any codes of best practice in relation to equal opportunities issues. He or she should

receive training in recruitment and selection before serving in that capacity.

Principal Officer appointments and responsibilities

LPFA's Constitutional Document clearly defines the functions of the Board members, Principal Officers and LPB members via:

- Matters reserved for the Board;
- ARC, IC and LPB terms of reference;
- Scheme of Delegation to Officers; and
- LPFA's Code of Best Practice (defining the respective roles and responsibilities of the Board members and officers)

The Constitutional Document is published under the 'Our Policies and Procedures' section of the LPFA website.

Principal Officer responsibilities and powers are regularly reviewed.

The Section 151 Officer, (a role that is fulfilled by the LPFA Finance Director), has a statutory duty in relation to the S151 of the Local Government Act 1972 for the proper administration of the authority's financial matters. The LPFA adopts the principles set out in CIPFA's *'The role of the Chief Finance Officer in Local Government'* guidance in the discharge of this function.

The Monitoring Officer (a role that is fulfilled by the Chief Legal and Compliance Officer) has a duty to report to the Board in respect of any action or proposal of LPFA or any part of LPFA which in their opinion is or would be contrary to law, and to be responsible for the administration of the Code of Conduct for Members.

Clear job descriptions for all staff, together with a Staff Handbooks, financial regulations and relevant codes of practice are communicated as the basis upon which LPFA conducts operations. Together with the delegations set out in the Constitutional Document, these documents authorise Officers to act on behalf of LPFA within a defined framework of procedural governance.

F. Managing risks and performance through robust internal control and strong public financial management

Including supporting principle:

- Managing data

Risk management

The LPFA Board is responsible for ensuring that LPFA has in place a robust risk management framework, which is subject to regular review. The Board reviews organisational risk appetite on an annual basis.

High level risks are identified by the Principal Officers, and thereafter discussed with the ARC. These are identified, along with appropriate control measures, in the Risk Register.

The ARC has responsibility for ensuring that the procedures are appropriate and that key risks are identified, monitored and managed effectively and economically. These processes are reviewed by both Internal and External Audit on behalf of the ARC. This is done as part of the overall internal control framework and supports the Annual Governance Statement, which is published annually. The ARC undertakes a thorough review to provide the Board with assurance that the arrangements in relation to risk management are robust and functioning effectively.

ARC reviews the risk register quarterly and considers any new risks to LPFA.

Ensuring Compliance with legal requirements, LPFA's standing orders and delegations, and the processes and internal controls required to manage risks.

LPFA's Constitutional Document sets out Standing Orders, a Scheme of Delegation and other governance arrangements. Elements of this document are amended throughout the year, as required. The constitutional framework is a cornerstone of good governance at LPFA.

Pension administration provided by LPPA complies with the LGPS Regulations 2013, with LPFA Principal Officers overseeing compliance with these regulations.

Our investments are managed in line with the LGPS (Management and Investment of Funds) Regulations 2016 with compliance monitored by the Board and Principal Officers through appropriate reporting and Investment Management Agreements with LPP.

Other laws applicable to most organisations are managed via a combination of specific Principal Officer accountabilities. Our CEO, with support from the LPP Group, provides an overarching view of new legislation and reports actions to the Board, when required. The LPP Group, is tasked with keeping LPFA updated of significant legislative changes and their impact.

The system of financial compliance is based on the internal control framework, practice and procedure notes, administration (including segregation of duties), management supervision and a system of delegation and accountability. The system includes comprehensive budgeting systems, regular reviews of periodic and annual performance reports which indicate actual performance against plans plus targets to measure financial and specific performance.

The system of internal financial control can provide reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented, or would be detected, in a timely period. Any material breaches or errors by the LPP Group are reported to the Principal Officers, ARC and the Board. The ARC also receives reports on the Fund's financial performance at the end of each quarter.

To ensure the internal controls in place are appropriate, governance reviews are periodically undertaken, and schedule of planned audit work is agreed with LPFA's Internal Auditors. The outcome of these audits is shared with the Principal Officers to provide an LPFA management response and action plan addressing audit recommendations.

The Pensions Regulator Code of Practice 14 also obliges LPFA to maintain certain standards of data management, risk management processes and communication with members and employers.

Budget setting process

There is a formal process and timetable set internally for determination of the annual budget requirements, which is prepared as part of the MTFP. The draft MTFP is reported to the Board for approval prior to submission to the Mayor by 31 December each year.

The submission is also circulated to London boroughs for information and comment on the levy implications. Any comments received from the Mayor by 31 January are considered by the Board when it approves the final budget in early March. The annual levy must be set by 14 February. The final budget is published when the levy notices are issued to each borough.

External audit

The LPFA has opted into the Public Sector Audit Appointments Ltd (PSAA) framework and its External Auditor is appointed through this framework.

The External Auditors audit LPFA's accounts, performing their audit work in compliance with international auditing standards. The Auditors take a risk-based approach to audit planning as set out in the Code of Audit Practice.

Internal Audit

LPFA's Internal Auditors provide assurance on the internal controls, governance, operational activity and oversight of the Fund. The Internal Auditor's work is performed to standards defined in the Government Internal Audit Standards and meets the requirements of the CIPFA. The work of internal audit is informed by an analysis of the risks to which LPFA is exposed. The ARC approves the Annual Internal Audit Plan. Following each audit, LPFA provides a management response and action plan to address any findings.

The Annual Internal Auditor's Report and Opinion (Year to 31 March 2021) included the internal auditor's independent opinion on the adequacy and effectiveness of LPFA's system of control during the year.

Fraud and Irregularity

LPFA operates a Fraud Control Framework setting out LPFA's approach and commitment to fraud prevention and detection. The Framework is reviewed annually by the ARC. Our employees are made aware of its provisions, their rights and protections, and reporting channels (whistleblowing) through, the Chair of ARC, the Section 151 Officer, and the Monitoring Officer.

Complaints

Complaint handling is carried out in line with the IDRP and information on the complaints process is available on LPFA's member website. The procedure sets out the channels available for stakeholders wishing to raise an issue, and the timescale in which we are expected to provide a full reply. All complaints are reported to the LPB and the Board quarterly.

Role of the ARC in review

ARC is responsible for reviewing internal and external financial statements, and for monitoring the effectiveness of internal control arrangements. Both Internal and External Auditors report to the ARC and have direct access to the Chair of ARC, if required. A review of effectiveness of the ARC is undertaken every three years and the resulting action plan is implemented.

G. Implementing good practices in transparency, reporting and audit to deliver effective and accountability

Including supporting principle:

- Assurance and effective accountability

Review of effectiveness: Annual review and reporting

Each year, we carry out a review of LPFA's governance arrangements to ensure compliance with this Code, the delivery of good governance and current good practice.

The purpose of the review is to provide assurance that governance arrangements are adequate and operating effectively, or to identify action which is needed to ensure effective governance in the future.

The outcome of the review takes the form of an Annual Governance Statement prepared on behalf of the CEO.

The preparation and publication of the Annual Governance Statement meets the statutory requirement of the Accounts and Audit Regulations, which require us to conduct a review at least once in a year of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices.

- Principal Officers are given responsibility for: overseeing the implementation; and monitoring the operation of the Code;
- reviewing the operation of the Code in practice on an annual basis;
- reporting annually to ARC on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice; and
- preparing an Annual Governance Statement and action plan.

Annual report and accounts

There is a statutory requirement for us to prepare an annual statement of accounts for public inspection and audit. The full documentation of the annual report and accounts is published on our website. It comprises Pension Fund Annual Report, Statement of Accounts, Audit of Accounts, and Policy Statements. References of the partnership would be made throughout the Pension Funds Annual Report.

Public policy statements

The following policy statements are an integral part of the Code of Corporate Governance. The policies are considered on a regular basis with key policies subject to an annual review. The policies are either a statutory requirement or comply with best practice. Publication is made primarily on our website. The policy documents include:

- Investment Strategy Statement (ISS)
- Climate Change Policy
- Responsible Investment Policy
- Constitutional Document
- Treasury Management Strategy
- Gifts, Hospitality and Expenses Framework
- Strategic Policy Statement and Medium Term Financial Plan
- CIPFA Code of Practice
- Pensions Administration Strategy
- Funding Strategy Statement
- LGPS Governance Compliance Statement
- Communications Policy
- Fraud Control Framework, including Anti-Bribery Policy
- Equality and Diversity Policy
- Environmental Policy
- Health and Safety
- Freedom of Information Publication Scheme
- Information Security Policy
- Complaints and IDRP
- Pay Policy
- Risk Management Framework

Glossary

AGS	Annual Governance Statement
ARC	Audit and Risk Committee
CIPFA	Chartered Institute of Public Finance and Accountancy
ESG	Environmental, Social and Governance
GLA	Greater London Authority
GLA	Local Government Association
IDRP	Internal Disputes Resolution Procedure
IFAC	International Federation of Accountants
LCC	Lancashire County Council
LGPC	Local Government Pensions Committee
LGPS	Local Government Pensions Scheme
LPB	Local Pension Board
LPFA	London Pensions Fund Authority
LPP	Local Pensions Partnership Ltd
LPPA	Local Pensions Partnership Administration Ltd
LPPI	LPP Investments Ltd
Mayor	Mayor of London
MTFP	Medium Term Financial Plan
PLSA	Pensions and Lifetime Savings Association
PSAA	Public Sector Audit Appointments Ltd
RI	Responsible Investment
SLA	Service Level Agreement
SOLACE	The Society of Local Authority Chief Executives and Senior Managers
SPS	Strategic Policy Statement
TPAS	The Pensions Advisory Service

For more information, please contact:
corporate@lpfa.org.uk