

8 October 2007

Addressees as attached

Our Ref:  
Your Ref:

Dear Colleague,

**LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 1997  
GOVERNANCE COMPLIANCE STATEMENT : STATUTORY GUIDANCE**

1. Further to my letter of 6 June regarding the Local Government Pension Scheme (Amendment)(No 3) Regulations 2007 (SI 2007 No 1561), I enclose a draft of the statutory guidance about completing a Governance Compliance Statement that the Secretary of State is required to issue under Regulation 73A(1)(c) of the 1997 regulations.
2. The draft has been prepared with the assistance of the CLG chaired working group on Governance and is now being circulated widely to all LGPS interested parties for further comment.
3. In making comments, consultees are asked to bear in mind that the scope of the guidance is restricted to the way in which an appointing council delegates its statutory functions under the scheme. Issues like investment and scheme administration performance and investment and communication policy, for example, are already dealt with separately under the 1997 regulations which require administering authorities to prepare, publish and maintain Statements of Investment Principles, Funding Strategy Statements and Communication Policy Statements. In addition, Regulation 76C of the 1997 Regulations, enables an administering authority to establish a local Pension Administration Strategy which includes the power to introduce local performance targets and to measure performance against them. In this respect, the Governance Compliance Statement is to be seen as just one of a number of similar measures that are designed to make the administration and stewardship of the scheme more transparent and accountable to its stakeholders.
4. Comments are invited on the format, structure and content of the draft guidance. In this respect, it should be noted that references to the provisions on governance

compliance statements in the final version will include references to both the 1997 and 2007 (Administration) Regulations. The first such statement must be published by 1<sup>st</sup> March 2008. Although comments received in response to this letter will be fully considered in preparing the final version, it is suggested that administering authorities and other interested parties should start preparing for the initial publication on the basis of the attached draft guidance.

5. The draft includes at Annex A, an example of a compliance statement template (Principle A on Structure) which administering authorities may wish to adopt when submitting a copy of their statement to the Secretary of State as required by Regulation 73A(5). This arrangement would not, however, fetter the way that an administering authority chooses to publish their statement, either as a stand alone document or as part of their Pension Fund Annual Report (see Regulation 76B(e) of the 1997 Regulations).

6. The closing date for comments is 9 November **2007**. For enquiries on the content of this letter and the attached draft guidance, please e-mail me ([Robert.holloway@communities.gsi.gov.uk](mailto:Robert.holloway@communities.gsi.gov.uk)) or telephone 0207 944 5998. Alternatively, contact [Margaret.dunleavy@communities.gsi.gov.uk](mailto:Margaret.dunleavy@communities.gsi.gov.uk). Or telephone 0207 944 6012. A copy of this letter and the draft guidance is available in the "What's New" section of our web site at [www.xoq83.dial.pipex.com](http://www.xoq83.dial.pipex.com).

Yours sincerely,

**Bob Holloway**

Addressed to :

The Chief Executive of  
County Councils (England)  
District Councils (England)  
Metropolitan Borough Councils (England)  
Unitary Councils (England)  
County and County Borough Councils in Wales  
London Borough Councils  
South Yorkshire Pension Authority  
Tameside Metropolitan Borough Council  
Wirral Metropolitan Borough Council  
Wolverhampton Metropolitan Borough Council  
Bradford Metropolitan Borough Council  
South Tyneside Metropolitan Borough Council  
London Pensions Fund Authority  
Environment Agency

Town Clerk, City of London Corporation  
Clerk, South Yorkshire PTA  
Clerk, West Midlands PTA

Local Government Association/Local Government Employers

CIPFA  
LAPFF  
NAPF  
Society of County Treasurers  
Society of Metropolitan Treasurers  
Society of London Treasurers  
Society of Welsh Treasurers  
Association of District Treasurers  
PPMA  
Audit Commission  
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Other Government Departments with public service pension interests  
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