

Governance Policy Statement

This Statement is prepared for the purposes of Regulation 55 of the Local Government Pension Scheme Regulations 2013 (LGPS). It sets out the policy of the Administering Authority in relation to its governance responsibilities for the Local Government Pension Scheme (LGPS).

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Overall Governance Framework

The Administering Authority with its advisors has identified the following key areas (the “five principles”) to support its overall governance framework. The governance framework focuses on:

- 1) The effectiveness of the Pension Fund Committee and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies
- 2) The establishment of policies and their implementation
- 3) Clarity of areas of responsibility between officers and Pension Fund Committee members
- 4) The ability of the Pension Fund Committee and officers to communicate clearly and regularly with all stakeholders
- 5) The ability of the Pension Fund Committee and officers to ask for the appropriate information and advice and to interpret that information in their supervision and monitoring of the Scheme in all areas
- 6) The management of risks and internal controls to underpin the framework.

Overall responsibility for the governance of the Local Government Pension Scheme and for the approval of this document resides with the Pension Fund Committee.

Delegation of Functions

The following functions are delegated by the Administering Authority:

Scheme Administration

Governance Principles: Effective Committee delegation; appropriate accountability; rigorous supervision and monitoring.

Including, but not exclusively or limited to, record keeping, calculation of and payment of benefits, reconciliation and investment of contributions, preparation of annual accounts, provision of membership data for actuarial valuation purposes.

The Administering Authority has responsibility for “Scheme Administrator” functions as required by HM Revenues and Customs (HMRC) under the Finance Act 2004.

Delegated to:

- Pension Fund Committee (monitoring)
- Deputy Chief Executive and Executive Director of Resources (Pension Fund administration implementation)

Funding

Governance Principles: Effective Committee delegation; appropriate accountability; written plan policies.

Including, but not exclusively or limited to, setting of the appropriate funding target for the Local Government Pension Scheme. The Assistant Director – LGPS Senior Officer shall be responsible for maintaining the Funding Strategy Statement (FSS). The Pension Fund Committee shall be responsible for approving the FSS.

Delegated to:

- Pension Fund Committee (policy approval)
- Deputy Chief Executive and Executive Director of Resources (maintaining FSS and policy implementation)

Investment

Governance Principles: Effective Committee delegation; appropriate accountability; written plan policies.

Including, but not exclusively or limited to, setting of an appropriate investment strategy or strategies, selection of investment managers, setting of performance

benchmarks and regular monitoring of performance. The Pension Fund Committee shall be responsible for maintaining the Statement of Investment Principles.

Delegated to:

- Pension Fund Committee (strategy approval, manager selection, benchmarks, monitoring)
- Deputy Chief Executive and Executive Director of Resources (Pension Fund investment implementation)

Communications

Governance Principle: Effective Information Flow; written plan policies.

Including setting of a communication strategy, issuing or arranging to be issued re benefit statements, annual newsletters and annual report. The Pension Fund Committee shall be responsible for maintaining the Communications Policy.

Delegated to:

- Pension Fund Committee (policy approval)
- Deputy Chief Executive and Executive Director of Resources (Pension Fund policy implementation)

Risk Management

Effective Committee delegation; appropriate accountability; written plan policies.

Including the identification, evaluation and monitoring of risks inherent within the Local Government Pension Scheme. The Pension Fund Committee shall be responsible for approving the Risk Register. The Deputy Chief Executive and Executive Director of Resources shall be responsible for maintaining the risk register.

Delegated to:

- Pension Fund Committee (policy approval)
- Deputy Chief Executive and Executive Director of Resources (Pension Fund policy implementation)

Terms of Reference and Decision Making

Terms of Reference:

Governance Principle: Effective Committee delegation; written plan policies.

The Pension Fund Committee's Terms of Reference as approved by Full Council on 10 October 2023.

Governance Principle: Administration, Funding, Investment, Communications and Risk Management.

In line with the Council's Constitution, the Pension Fund Committee shall oversee Pension Fund investments, the overall management of the Fund, the governance surrounding the Fund, and the administration of the Pension Scheme.

Structure of the Pension Fund Committee and representation:

Governance Principle: Effective Committee delegation

The Pension Fund Committee shall be made up of:

- 4 Conservative members
- 1 Liberal Democrat member
- 1 Independent member
- 2 Districts and Boroughs Members
- 1 Employer representative
- 1 Employee representative

Decision Making:

Governance Principle: Effective Committee delegation; rigorous supervision and monitoring.

The Pension Fund Committee shall have full decision-making powers.

Each member of the Pension Fund Committee shall have full voting rights.

Operational Procedures

Frequency of Meetings:

Governance Principle: Effective Committee delegation; effective information flow.

The Pension Fund Committee shall convene no less frequently than four times per year. The Pension Fund Committee shall receive full reports upon all necessary matters as decided by the Deputy Chief Executive and Executive Director of Resources and any matters requested by members of the Pension Fund Committee.

Provision exists for the calling of special meetings if circumstances demand.

Competencies, Knowledge and Understanding:

Governance Principle: Effective Committee delegation; appropriate accountability.

Officers and Members of the Pension Fund Committee shall undertake training to ensure that they have the appropriate knowledge, understanding and competency to carry out the delegated function. It is recommended that such knowledge, understanding and competency is evaluated on an annual basis to identify any training or educational needs of the Officers and the Pension Fund Committee.

Reporting and Monitoring:

Governance Principle: Rigorous supervision and monitoring; effective information flow.

The Pension Fund Committee shall report to the Audit and Governance Committee on a frequency, and with such information as shall be agreed and documented, on a no less than annual basis, the minimum provision being the Pension Fund's annual report.

Review of this policy statement

Responsibility for this document resides with the Deputy Chief Executive and Executive Director of Resources. It will be reviewed by the Deputy Chief Executive and Executive Director of Resources no less frequently than annually. This document will be reviewed if there are any material changes in the Administering Authority's governance policy or if there are any changes in relevant legislation or regulation.

Appendix A - Pension Fund Committee Terms of Reference

- (i) To undertake statutory functions on behalf of the Local Government Pension Scheme and ensure compliance with legislation and best practice
- (ii) To determine policy for the investment, funding and administration of the pension fund
- (iii) To consider issues arising and make decisions to secure efficient and effective performance and service delivery
- (iv) To appoint and monitor all relevant external service providers:
 - Fund managers
 - Custodian
 - Corporate advisors
 - Independent advisors
 - Actuaries
 - Governance advisors
 - All other professional services associated with the pension fund.
- (v) To monitor performance across all aspects of the service
- (vi) To ensure that arrangements are in place for consultation with stakeholders as necessary
- (vii) To consider and approve the annual statement of pension fund accounts
- (viii) To consider and approve the Surrey Pension Fund actuarial valuation and employer contributions
- (ix) To receive minutes and consider recommendations from and ensure the effective performance of the Joint Committee of the Border to Coast Pensions Partnership and any other relevant bodies.

Appendix B - Scheme of Delegation

Section 3, Part 3A Specific Delegation to Officers - April 2022

Title of Post Holder	Function Delegated
<ul style="list-style-type: none"> • Deputy Chief Executive and Executive Director of Resources • Director of Corporate Finance & Commercial • Strategic Finance Business Partner (Pensions)* • Strategic Finance Business Manager (Corporate) Reporting 	<p>Execute cash transfers to pension fund managers.</p>
<ul style="list-style-type: none"> • Deputy Chief Executive and Executive Director of Resources • Director of Corporate Finance & Commercial • Strategic Finance Business Partner (Pensions)* 	<p>Borrowing, lending and investment of County Council Pension Fund moneys, in line with strategies agreed by the Pension Fund Board. Delegated authority to the S151 Finance Officer to take any urgent action as required between Board meetings but such action only to be taken in consultation with and by agreement with the Chair and/or Vice Chair of the Pension Fund Board and any relevant Consultant and/or Independent Advisor.</p>
<ul style="list-style-type: none"> • Director of Corporate Finance & Commercial • Strategic Finance Business Partner (Pensions)* 	<p>To exercise discretion in relation to the Local Government Pension Scheme except:</p> <p>(1) Where a policy on the matter has been agreed by the Local Pension Board and included in the Discretionary Pension Policy Statement published by the Council,</p> <p>(2) Decisions relating to “admitted body status” and</p> <p>(3) Decisions relating to individual cases as provided for in the separate delegation to the Strategic Finance Manager (Pensions)*.</p> <p>This delegation is subject to any limitations imposed and confirmed in writing from time to time by the Executive Director of Resources.</p>

Title of Post Holder	Function Delegated
<ul style="list-style-type: none"> • Deputy Chief Executive and Executive Director of Resources • Director of Corporate Finance & Commercial • Strategic Finance Business Partner (Pensions)* 	<p>Hear stage one or stage two appeals relating to disputes involving the Local Government Pension Scheme, Compensation Benefits and Injury Allowances provided that an officer hearing an appeal will not have been involved at an earlier stage in the process.</p>
<ul style="list-style-type: none"> • Director of Corporate Finance and Commercial • Strategic Finance Manager (Pensions)* 	<p>To exercise discretion in relation to the Local Government Pension Scheme except:</p> <p>(1) Where a policy on the matter has been agreed by the Local Pension Board and included in the Discretionary Pension Policy Statement published by the Council,</p> <p>(2) Decisions relating to “admitted body status” and</p> <p>(3) Decisions relating to individual cases as provided for in the separate delegation to the Strategic Finance Manager (Pensions)*.</p> <p>This delegation is subject to any limitations imposed and confirmed in writing from time to time by the Deputy Chief Executive and Executive Director of Resources.</p>

*Change of post designation from Strategic Finance Manager (Pensions) to Assistant Director - LGPS Senior Officer.

Effective	1 April 2023
Reviewed	8 September 2023
Next review	31 March 2024

Version	Nature of Change	Implemented
V1	Initial Creation	1 December 2023