

SURREY COUNTY COUNCIL

SURREY PENSION FUND BOARD

DATE: 22 MAY 2015

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: GOVERNANCE COMPLIANCE STATEMENT



SUMMARY OF ISSUE:

Local authority pension funds are required to publish and keep under review a Governance Compliance Statement. The Governance Compliance Statement of the Surrey Pension Fund is comprised from the Compliance to Statutory Guidance Statement and a Governance Policy Statement. The Public Services Pensions Act 2013 (The Act) introduces a new framework for the governance and administration of public service pension schemes. The Act has a material impact on existing governance arrangements in the Local Government Pension Scheme (LGPS), which are enforced by changes to the LGPS regulations.

As a result of the Act, The Pensions Regulator has introduced codes of practice covering specific areas relating to public sector pension schemes. The changes to the LGPS regulations and introduction of the Pensions Regulator code of practice 14 and changes in the Scheme of Delegation approved by County Council on 14 October 2014 require revisions to the existing Surrey Pension Fund Governance Compliance Statement.

RECOMMENDATIONS:

It is recommended that:

- 1 The Surrey Pension Fund Board approve the amendments to the Governance Policy Statement attached as Annex 1 to this report.
- 2 The Surrey Pension Fund Board approve the Compliance Statement to tPR Code of Practice 14 attached as Annex 2 to this report.

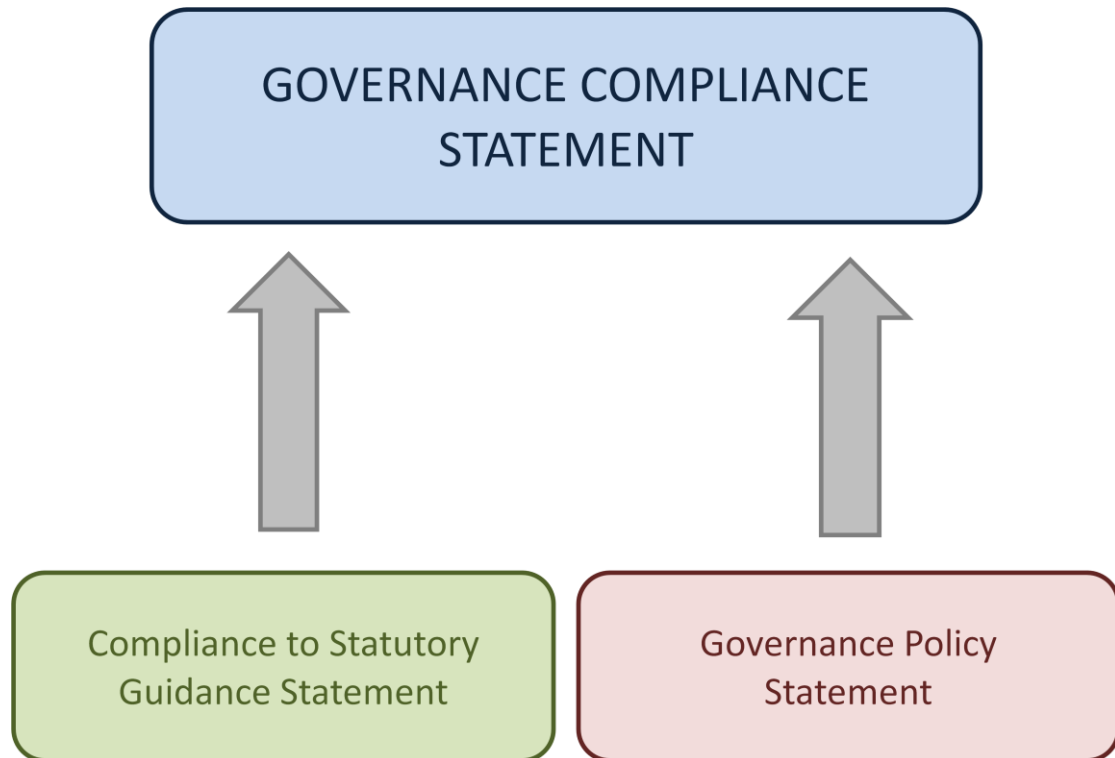
REASON FOR RECOMMENDATIONS:

To comply with legislation and best practice.

DETAILS:

Surrey Pension Fund Governance Compliance Statement

- 1 In order to further strengthen its governance structure the Surrey Pension Fund Governance Compliance Statement is made up from two documents:
 - The Compliance to Statutory Guidance Statement;
 - The Governance Policy Statement.



Regulatory Requirements of the Governance Compliance Statement

- 2 The relevant regulation requiring this statement is Regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended).
- 3 The Governance Compliance Statement must include the following information:
 - The delegation arrangements (from the administering authority to a Committee and/or officers);
 - The frequency of any meetings, terms of reference, structure and operational procedures of the delegation;
 - Whether the Board/Committee includes representatives of employing authorities (including non LGPS employers) and members and, if so, whether those representatives have voting rights.
- 4 The Statement must state the extent to which a delegation (or the absence of a delegation) complies with guidance given by the Secretary of State and, if it does not comply, an explanation of the reasons for not complying. Such a disclosure is known as 'comply or explain'.
- 5 The Statement must include details of the terms, structure and operational procedures relating to the Local Pension Board.
- 6 In summary, the Governance Compliance Statement covers various governance issues:
 - Structure;
 - Representation;

- Selection and role of members of the Surrey Pension Fund Board and the Local Pension Board;
- Voting;
- Training;
- Facilities;
- Expenses;
- Meetings (frequency and quorum);
- Access to information and papers;
- Scope and publicity.

- 7 Regulations require that, before revising this Statement, each administering authority must consult such persons it considers appropriate. It is envisaged that a consultation process with employer bodies will take place via the Pension Fund's website after the 22 May 2015 Board meeting at which this policy statement is considered.
- 8 Members will notice reference to a Local Pension Board, which is included as a separate item for consideration at the Pension Fund Board meeting of 22 May 2015.

Revisions to the Compliance to Statutory Guidance Statement

- 9 It is expected that, in line with amendments to the LGPS Regulations, there will be amendments to the Statutory Guidance provided by the Department of Communities and Local Government (DCLG). When these amendments are confirmed, proposals for the revision of the Compliance to Statutory Guidance Statement will be brought to the Pension Fund Board.

Revisions to the Governance Policy Statement

- 10 The Governance Policy Statement includes the following information:
- The overall governance framework of the Pension Fund Board;
 - Delegation of functions and allocation of responsibilities;
 - Terms of reference and decision making;
 - Operational procedures.
- 11 Changes to the Pension Function Scheme of Delegation, as approved by County Council on 14 October 2014, deleted the post of Pensions Manager and created the new posts of Pension Services Manager and Senior Specialist Advisor. Accordingly, there was a need for the existing delegation to be revised. There is a consequent need for this revised delegation to be reflected in the Terms of Reference and decision making section of the Governance Policy Statement.
- 12 Amendments to the LGPS Regulations 2013 (55) require the Surrey Pension Fund to amend its terms of reference and to add details of the terms, structure and operational procedures of the Local Pension Board as part of its Governance Compliance Statement. It is proposed to revise the Governance Policy Statement to reflect these requirements and to add a new section relating to the Local Pension Board.

- 13 The revised Governance Policy Statement is attached as Annex 1 to this report.

The Compliance Statement to the Pensions Regulator Code of Practice 14

- 14 The Public Services Pensions Act 2013 introduces the framework for the governance and administration of public service pension schemes and provides an extended regulatory oversight by the Pensions Regulator.
- 15 The Pensions Regulator is required to issue one or more codes of practice, covering specific matters relating to public service pension schemes. The codes of practice set out the legal requirements for public sector pension schemes in respect of those specific matters.
- 16 The Code of Practice number 14 (the Code) was issued on 1 April 2015. It sets out practical guidance and standards of conduct and practice expected of those who exercise functions with regard to the governance and administration of public sector pension schemes.
- 17 The Code consists of four parts:
- Governing the scheme
 - Managing risks;
 - Administration;
 - Resolving issues.
- 18 Each of the four parts includes examples of what the administering authority must do.
- 19 A compliance statement to the Code is attached as Annex 2 to this report.

CONSULTATION:

- 20 The Chairman of the Surrey Pension Fund Board has been consulted on the proposed change and has offered full support for the proposals.

RISK MANAGEMENT AND IMPLICATIONS:

- 21 There are no risk related issues contained within the report's proposals.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- 22 There are no financial or value for money implications.

CHIEF FINANCE OFFICER COMMENTARY

- 23 The Director of Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed, and that the Governance Compliance Statement provides a sound framework, setting out Surrey's position with regard to every strand of good governance practice.

LEGAL IMPLICATIONS – MONITORING OFFICER

- 24 The Governance Compliance Statement was originally prepared by the Council in accordance with regulation 73A of the Local Government Pension Scheme Regulations 1997. Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires an administering authority to keep this statement under review and make any revisions as appropriate. This has to happen where there are changes in the delegation arrangements and with the establishment of the Local Pension Board.

EQUALITIES AND DIVERSITY

- 25 The approval of a compliance statement will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

OTHER IMPLICATIONS

- 26 There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

- 27 The following next steps are planned:
- The statement will be monitored and reviewed.

Contact Officer:

Phil Triggs, Strategic Finance Manager (Pension Fund and Treasury)

Consulted:

Surrey Pension Fund Board Chairman

Annexes:

Annex 1: Governance Policy Statement

Annex 2: Compliance Statement to the Pension Regulators Code of Practice 14

Sources/background papers:

The Pension Regulator Code of practice number14: Governance and Administration of Public Sector Pension Schemes

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