

SURREY COUNTY COUNCIL

SURREY PENSION FUND COMMITTEE

DATE: 13 NOVEMBER 2015

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: SCHEME ADVISORY BOARD BENCHMARKING EXERCISE



SUMMARY OF ISSUE:

The Surrey Pension Fund Committee members are provided with the response of the Fund to the request of the Scheme Advisory Board (SAB) to complete a self-assessment benchmarking return.

RECOMMENDATIONS:

It is recommended that the Surrey Pension Fund Committee note this report and the benchmarking return shown in Annex 1.

REASON FOR RECOMMENDATIONS:

To meet the requirements of the SAB.

DETAILS:

Background

- 2 During 2014 the Shadow Scheme Advisory Board (SSAB) Scheme Reporting Working Group developed a suite of 18 key performance indicators (KPIs). The aims of the KPIs were:
 - To assess and benchmark the health of funds as part of the 2016 triennial valuation;
 - To be proactive in encouraging best practice, continuous improvement and raising standards within the LGPS;
 - To provide support to funds in a targeted manner.
 - 3 During March and April 2015, 13 Funds (including the Surrey Fund) accepted the invitation of the SSAB to take part in a pilot KPI return (the pilot KPI return was reported to the Pension Fund Committee at the meeting of 25 May 2015).
 - 4 After considering the pilot KPIs, on 4 September 2015 the SAB issued a request to all LGPS funds to complete the benchmarking return by 31 October 2015.
- The benchmarking criteria**
- 5 The benchmarking criteria consists of four core KPIs and 14 supplementary KPIs, including 10 governance and eight performance related metrics.

Four core KPIs:

- Risk management;
- Funding level and contributions;
- Deficit recovery;
- Investment returns.

14 secondary KPIs:

- Pensions Committee and Pensions Board member competence;
- Administering authority staff accountability, leadership, experience and training;
- Statutory governance standards and principles (as per DCLG guidance and tPR codes);
- Quality and accessibility of information and statutory statements, strategies, policies (governance, FSS, SIP, comms, admin authority and employer discretions policies);
- Adoption and report compliance with Investment Governance Principles (IGP) (was Myners Principles) and voluntary adoption signatory to FRC Stewardship Code and UNPRI;
- Historic investment returns (last 1,3,5 and 10 years) and total investment costs compared to other LGPS funds;
- Annual report and audited financial statements;
- Scheme membership data;
- Pension queries, pension payments and Annual Benefit Statements;
- Cost efficient administration and overall VFM of fund management;
- Handling of formal complaints and IDRPs;
- Fraud prevention;
- Internal and external audit;
- Quality assurance.

6 The benchmarking return is shown as Annex 1.

7 Members are invited to discuss the performances set out in the return.

Next steps

8 Further to receipt of returns from Funds the SAB has the following intentions:

- December 2015 / early 2016: SAB to consider the results of the exercise;
- SAB will recommend to DCLG that the KPIs are included in the LGPS regulations and guidance and/or as part of 2016 valuation process;
- KPIs Issued in April 2016;
- From December 2016 the KPIs will be used as a tool to assess and support funds.

CONSULTATION:

17 The Chairman of the Surrey Pension Fund Committee has been consulted.

RISK MANAGEMENT AND IMPLICATIONS:

18 There are no risk related issues contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

19 There are no financial and value for money implications.

SECTION 151 (DIRECTOR OF FINANCE) COMMENTARY

20 The Section 151 (Director of Finance) is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

21 There are no legal implications or legislative requirements associated with this report.

EQUALITIES AND DIVERSITY

22 The reporting of such information will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

- 24 The following next steps are planned:
- Review of KPIs in accordance with future guidance from the SAB and Local Pension Board.

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

Consulted:
Surrey Pension Fund Committee Chairman.

Annexes:
Annex 1: SAB Benchmarking return

Sources/background papers: None

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