

No.	Key Indicator	Examples of level for concern	Negative Score	Examples of good practice for high performing fund	Positive Score	Fund score	Evidence and comments	Attachment
1	Risk management	<p>No or only a partial and/or an unclear risk register with no or poorly specified or un-implemented mitigation actions over time leading to increased fund risk.</p> <p>No evidence of a risk register being</p> <p>a) prioritised b) annually reviewed by Pensions Committee c) annually reviewed by internal audit or external audit</p> <p>d) used to reduce high risks</p> <p>e) available for public scrutiny. Self score -1 point for each one</p>		<p>Comprehensive risk register covering the key risks (in accordance with current CIPFA guidelines) with prioritisation, robust mitigation actions, defined deadlines, with action tracking to completion.</p> <p>Evidence and e-links to demonstrate</p> <p>a) risks prioritised on a RAG red, amber, green or by a scoring methodology b) completed actions signed off by Pensions Committee after at least annual update, c) annual review by internal audit and external audit</p> <p>d) <3 priority/"red" risks</p> <p>e) public disclosure of a summary version published on fund website or in fund annual report. Self score +1 point for each one</p>	1 1 1 1	1 0 1 4	<p>- Comprehensive risks register - ranked by priority - robust mitigation - reviewed quarterly by officers and committee</p> <p>deadlines not applied to actions</p> <p>Yes</p> <p>Only 3 risks 'red' after mitigation - although not sure this is necessarily particularly good measurement of a high performing Published quarterly</p>	<p>Risk Register from latest committee meeting (Sept 2015)</p> <p>As above</p> <p>As above</p>
2	Funding level and contributions (see explanatory notes)	<p>a) Decreasing funding level (calculated on a standardised and consistent basis) and/or in bottom decile of LGPS, over the last three triennial valuations on a standardised like for like basis. b) No or minimal employer funding risk assessment and monitoring and not reported to Pensions Committee c) Total actual contributions and actual received in last 6 years less than that assumed and certified in last 2 triennial valuations. d) Net inward cash flow less than benefit outgoings so need for any unplanned or forced sale of assets.</p> <p>Self score -1 for each one</p>		<p>Evidence and e-links to demonstrate</p> <p>a) Funding level rising and getting closer to 100% funded (or above) over last three triennial valuations on a standardised like for like basis. Funding % 91 to >100 =score +5 80-90 =+4 70-79 =+3 60-69 = +2 <59 = +1</p> <p>b) Employer funding risk assessment and monitoring reports to Pension Committee. Net inward cashflow forecasts meeting planned income or significantly exceeding benefit outgoings.</p> <p>c) Total actual contributions received in last 6 years equate to (or exceed) that assumed and certified in the last 2 triennial valuations.</p> <p>d) Net inward cash flow significantly exceeds benefit out-goings</p> <p>Self score a) as above and rest +1 for each one</p>	3 0 1 1	0 0 0 0 3 0 1 1 5	<p>2007 - 75.7% 2010 - 72.0% 2013 - 79.1%</p> <p>Budgeted net cashflow (ex investment income) to remain positive at least next three years</p> <p>Total contributions over past 4 years and every year exceed assumed at both valuations 2014/15 Net cashflow (ex investment income less benefits = +1% of total fund value</p>	<p>Information provided by Fund Actuary</p> <p>Annual Report</p> <p>2013 Actuarial Valuation + Statement of Accounts from 2011/12 - 2014/15</p> <p>Statement of Accounts</p>
3	Deficit recovery (see explanatory notes)	<p>a) No or opaque deficit recovery plan. b) Lengthening implied deficit recovery period (for contributions) c) Implied deficit recovery periods >25 years for last 3 valuations.</p> <p>Self score -1 point for each</p>		<p>Evidence and e-links to demonstrate :</p> <p>a) Transparent deficit recovery plan for tax raising and non-tax raising bodies.</p> <p>b) Implied deficit recovery reducing each triennial valuation.</p> <p>c) Implied deficit recovery period in line <15 years for last 3 valuations</p> <p>Self score +1 point for each one</p>	1 0 0	1 0 0 1	<p>Yes - Funding Strategy statement sets out approaches to deficit recovery 2007 - 12.6 years 2010 - 16.7 years 2013 - 15.0 years</p> <p>2007 - 12.6 years 2010 - 16.7 years 2013 - 15.0 years</p>	<p>Annual Report</p> <p>Information provided by Fund Actuary</p> <p>Information provided by Fund Actuary</p>
4	Investment returns	<p>a) Required future investment return (calculated on standardised and prudently consistent basis) not aligned to the investment strategy target return, so lower likelihood of the fund achieving its funding strategy.</p>		<p>Evidence and e-links to demonstrate :</p>				



(see explanatory notes)	b) Actual investment returns consistently undershoot actuarially required returns	a) Required future fund investment return (calc by actuary) are consistent with and aligned to investment strategy (asset mix expected target returns) so higher likelihood of the fund meeting its funding strategy.	1	1	Required investment return calculated by actuary = 4.6% aligned with asset allocation policy Investment consultant calculated expected investment return at 3.2% pa above gilts in 2014, compared to actuarial assumption of 1.6% above gilts 3 year gross investment return 11.8% p.a	Confidential consultant report
	Self score -1 point for each one	b) Actual investment returns consistently exceed actuarially required returns Self score +1 point for each one	1	2		Pension Committee performance report - September 2015

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5	Pensions Committee and Pensions Board members competence	Appointees unclear of statutory role and unable to clearly articulate the funds funding and investment objectives. No evidence of a) different scheme employer types and no or minimal scheme member representation. b) No training needs analysis, or training strategy, or training log or use of CIPFA LGPS training framework. c) No training record disclosures d) Self assessment Self score core -1 point for each		Appointees understand their statutory role and are able to clearly articulate the funds funding and investment objectives Evidence and e-links to demonstrate a) representation from different scheme employer types (scheduled and admitted) and member types (actives, deferred and pensioners). b) annual training plan recorded against the CIPFA knowledge and understanding framework. c) annual training records disclosed in Annual Report d) annual self-assessment of training undertaken and identification of future needs. Self score +1 point for each one		0 1 0 1 2	Representation on Pension Committee and Local Board by member and employer representatives, but not for every category of member or employer Not specific to CIPFA, but, annual training is recorded against the requirements of our Attendance and Knowledge and Understanding Policy. Hence we have scored positively in this category. Training records held, but, not disclosed in the Annual Report. Board members complete a self assessment of their own performance and knowledge as well as the operations of the committee	http://mycouncil.surreycc.gov.uk/mgCommitteeDetails.aspx?ID=334 Committee board report - review of training
6	Administering authority staff accountability, leadership, experience, and training	a) No or only part time Head of Fund and or only part time officers b) No or little induction or on- going training provision or experience recorded on the adoption of CIPFA LGPS knowledge and understanding framework. Self score -1 for each one		Evidence and e-links to demonstrate a) Experienced Head of Fund with full time dedicated officers with at least 3+ years' experience. b) staff undertake regular CIPFA LGPS TKU or other CPD training recorded across all LGPS skills (governance, benefits administration, funding, investments, and communications) Self score +1 point for each one	1 1	1 1 2	Yes Yes	
7	Statutory governance standards and principles (as per DCLG guidance and TPR codes)	Several key areas of non- compliance with a) DCLG LGPS statutory guidance b) TPR guidance and codes and reasons why not explained. c) No, little or poor key decision taking records and no or poor self, or scheme employers, or scheme members assessment of overall fund effectiveness. Self core -1 for each one		Evidence and e-links to demonstrate a) Full compliance with DCLG LGPS statutory guidance b) Full compliance with TPR guidance and codes for public sector pension schemes c) Meet or exceed other LGPS best practice on recording all key decision taking and annual self, scheme employers, scheme member assessment of overall effectiveness. Self score +1 for each one	1 1 1	1 1 3		Governance Compliance Policy and Statement taken to May 2015 Committee Governance Compliance Policy and Statement taken to May 2015 Committee All decisions are made by the Committee and recorded in meeting minutes, published online. This has been independently assessed by Avida Governance Consultants
8	Quality and accessibility of information and statutory statements, strategies, policies (governance, FSS, SIP, comms, admin authority and employer discretions policies)	a) Statutory publications not all in place or published on fund website or updated in accordance with regulatory requirements and due timelines. b) Fund and employers discretions not published c) Do not seek to meet any recognised 'Plain English' or e-publishing standards Self score -1 for each one	-1	Evidence and e-links to demonstrate a) Statutory publications all in place and published on fund website and updated in accordance with regulatory requirements and due timelines. b) Fund and employer discretions published c) Meet 'Plain English' and or other recognised e-publishing standards. Self score +1 for each one	1	1 -1 0 0	Yes Not currently; discretions are under review and revised discretions will be published There is policy to abide by 'Plain English' standards but the Fund is not assessed against this	http://www.surreypensionfund.org/
9	a) Adoption and report compliance with Investment Governance Principles (IGP) (was Myner's Principles) and voluntary adoption/signatory to FRC Stewardship Code and UNPRI	No or un-explained non- compliance and/or non-support of a) IGP b) UK Stewardship Code c) UN PRI Self score -1 for each		Evidence and e-links to demonstrate a) 100% compliance with IGP b) adoption and public reporting of compliance against the FRC UK Stewardship Code c) external managers or fund are PRI signatories Self score +1 for each		1 1 1 3	Yes - Annual Report Yes - Annual Report A number of managers are signatories, not all	
10	a) Historic investment returns (last 1, 3, 5, and 10 years) and b) total investment costs compared to other LGPS funds. (See explanatory notes)	a) overall fund investment returns (net of fees) for last 1, 3, 5 years bottom two quintiles Score -3 and -5 points b) Retain fund managers under- performing their mandates for 2 triennial valuation cycles. Score -1 point c) Fund does not benchmark its fund manager and total investment costs relative to other LGPS funds. Score -1 point		Evidence and e-links to a) overall fund investment return (net of fees) for last 1, 3, 5 years i) Top quintile score +5 points ii) Next two quintiles score +3 and 0 points respectively b) >75% of fund mandates deliver over rolling 3 year performance periods. Score +1 point c) Fund benchmarks its fund manager and total investment costs Score +1		0 0 0 1 1 2	1 year - 12.3% 3 year - 11.8% p.a 5 year - 9.2% p.a Measured gross of fees as the SIPP targets and objectives are gross The Fund does not have access to quintile rankings Yes Measured against wider peer group.	Annual Report Pension Committee performance report - September 2015 Avida Governance Report.

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11	Annual report and audited financial statements	a) Do not fully meet some regulatory requirements or CIPFA LGPS guidance b) Not published in Admin Authority Accounts by 1 st October. c) Published on SAB website after 1 st November Self score -1 for each one	-1	Evidence and e-links to demonstrate a) Meet all regulatory and CIPFA best practice guidance b) Publish in Administering Authority accounts by 1 st October c) Publish fund report and accounts of SAB website before 1 st November. Self score +1 for each one		1 1 -1 1	Yes Yes Awaiting auditor sign off	Statement of Accounts Approved by July Committee
12	Scheme membership data	a) Common data does not meet TPR standards b) Conditional data do not meet the TPR standards. No plans in place to rectify this. Self score -1 for each		Evidence and e-links to demonstrate a) >99% common data meets TPR quality and due date standards b) >95% of conditional data meets TPR quality and due date standards. Plans in place to improve this. Self score +1 for each one	1 1	1 1 2		Data quality report from the Fund actuary for 2013 Valuation
13	Pension queries, pension payments, and Annual Benefit Statements	a) No or poor website with no scheme member or employer access. b) ABS do not meet regulatory requirements or due timelines for issuance. Self score -1 for each		Evidence and e-links to demonstrate a) Good website with interactive scheme member and employer access. b) ABS meet or exceed regulatory standards and due timelines for issuance. Self score +1 for each	0 1	0 1 1	The 2014/15 ABS return did not meet the 31/08/15 deadline, however, will meet the November 2015 tPR expectation.	http://www.surreypensionfund.org/
14	Cost efficient administration and overall VFM fund management	a) In bottom quartile with high total admin cost pa per member (based CIPFA or other benchmark tool). b) Not in any national or regional frameworks for any externally procured services or collective investments. Self score -1 for each		Evidence and e-links to demonstrate a) In top quartile with low total admin cost pa per fund member (based CIPFA or other benchmark tool calculated on a consistent and transparent basis). b) Lead and/or actively participates in collaborative working and collective LGPS procurement, shared services or CIVs Self score +1 for each	1 1	1 1 2	2014/15 CIPFA Administration Benchmarking Survey Surrey provides pension administrative services for East Sussex, Westminster, Hammersmith and Fulham and Kensington and Chelsea councils and is an active member of the National LGPS Framework.	
15	Handling of formal complaints and IDRPCs	a) Any Pensions Ombudsman determinations (and any appeals) fines were against the actions of the fund (ie not employer). Score -1		Evidence and e-links to demonstrate a) No Stage 2 IDRPCs and no Pensions Ombudsman findings <u>against the fund</u> actions in last 3 years. Score +1		1 1	None	
16	Fraud prevention	No or minimal systems/programme or plan or mechanisms in place to a) Prevent fraud b) Detect fraud c) detect pension over-payments due to unreported deaths Self score -1 for each one		Evidence and e-links to demonstrate a) Fraud prevention programme in place. b) Use external monthly, quarterly/annual mortality screening services, and c) participate in bi-annual National Fraud Initiative. Self score +1 for each one	1 1 1	1 1 1 3		
17	Internal and external audit	a) No annual internal audit or qualified internal and external audit opinions b) Urgent management action recommended on high/serious risks. c) Only moderate or low level of assurance and a number of high priority action recommended Self score -1 for each		Evidence and e-links to demonstrate a) Unqualified annual internal reports with no or only low priority management actions b) Unqualified and annual external audit with no or only low priority management recommendations. c) Full or substantial assurance against all key audit areas with no high risk recommendations. Self score +1 for each		0 1 1	One Medium recommendation on internal audit, only low recommendations for administration Unqualified external audit	Evidence -Audit Finding Report
18	Quality assurance	No evidence of a) quality management system b) external reviewed publications c) externally approved website accessibility d) any awards. Self score -1 for each one	-1 -1 -1	Evidence and e-links to demonstrate a) Fund has formal quality management external certification b) Crystal Mark for plain English for publications/forms c) externally approved website accessibility d) pensions & investment recognition award(s) Self score +1 for each one		-1 -1 -1 1 -2	No certification There is policy to abide by 'Plain English' standards but the Fund is not assessed against this No certification Shortlisted for the Pension Fund of the Year Award at the LGC Investment Awards 2015.	https://www.lgcinvestmentawards.com/