

# Surrey Pension Fund

## Governance Review

May 2019

Ian Colvin  
Head of Public Sector Benefit Consultancy & Governance

Andrew McKerns  
Benefit and Governance Consultant

For and on behalf of Hymans Robertson LLP

# Contents

## Governance Review

Page

1	Executive summary	2
2	Introduction	3
3	Research	4
4	Clarity of objectives	5
5	Business planning and monitoring	8
6	Delivery	10
7	Risk Management	13
8	Decision making	14
9	Next Steps	17
10	Reliance's and limitations	18

## Appendices

1	Summary of recommendations	
2	Review of key policies & documents	
3	Review of the Surrey Pension Fund against the 10 topics of TRP21st century trustee	
4	Review of key policies & documents	

# 1 Executive summary

The purpose of this governance review is to provide The administering Authority with an assessment of where it stands in relation to its legal requirements in respect of the LGPS, as well as the expectations of The Pensions Regulator as set out in Code of Practice 14 – Governance and administration of public service pension schemes. In addition, we set out a plan for how the Administering Authority can address any gaps identified. Furthermore, the review sets out practical benefits, ensuring that the objectives, policies and decision making within the Administering Authority are clearly aligned with the key aim of delivering a first-class service to stakeholders.

Our governance review considers the following areas:

**Clarity of objectives** - key to the success of the Administering Authority, covering all the elements of management and administration of the Fund, providing clarity in terms of the Fund's direction, ensuring a greater focus to the business of the Fund and managing risks appropriately.

**Business Planning** - setting out all the planned activities for the short and medium term, forming the focus for Committee and Board meetings and supporting the delivery of the Fund's objectives, which is all part of a cycle of good governance.

**Delivery** - ensuring the Fund has appropriate staffing resource to achieve its objectives, be that in relation to investment, funding, administration or governance, meeting the steady increase in the number of overriding legislative requirements on pension administration teams and other officers charged with managing the Fund.

**Risk Management** - having a proper risk management framework in place allowing those responsible for the management of the Fund to understand the types of issues that might adversely impact it and assist in preventing issues arising or helping to reduce their impact where they do arise.

**Decision Making** - having clear objectives in place ensuring each decision being taken is linked to a stated objective and helping keep the Administering Authority on track in achieving its strategic aims.

## Findings

Our conclusions are that overall the governance of the Fund is strong and meets the legal requirements set for it. There is clearly good engagement from an experienced Pension Committee that sets the overall strategy for the Fund. The Pension Board is clear in its role, populated with experienced members and a very good example of how such bodies can add value to LGPS Funds. Officers recognise the need for strong governance and are keen to refine and build on existing strengths.

## Recommendations

There are a number of areas where we believe improvements to the Fund's governance arrangements could be made to acknowledge changes in the LGPS environment and to strengthen the Fund's existing position further. Throughout each of the above sections we have set out in detail our recommendations. We have identified 9 areas where improvements or changes could potentially be made. A full list of recommendations can be found at Appendix 1. Among the main recommendations are the following:

- Adopting the suggested Mission Statement set out in our report
- Conducting a review of the Administration reporting received by the Fund
- Creation of a Risk management policy
- Introducing a formal training policy for the Committee, Pension Board and Officers

We would recommend that this paper is presented to the Pension Committee and that our overall findings and recommendations are passed for their approval.

## 2 Introduction

This report is addressed to Surrey County Council (the “Administering Authority”), who commissioned Hymans Robertson LLP to undertake a governance review of the operations of the Surrey Pension Fund (the “Fund”). The Fund is one of 88 pension funds currently within the Local Government Pension Scheme (“LGPS”) in England & Wales.

The purpose of this governance review is to provide the Administering Authority with an assessment of where it stands in relation to its legal requirements, as well as the expectations of the Pensions Regulator.

In our view, the hallmarks of a well governed LGPS pension fund are:

Requirement	Purpose
<b>Clarity of objectives</b>	Providing clarity in terms of the Fund’s direction and bringing greater focus to the business of the Fund.
<b>Business Planning</b>	Bringing focus to the Committee and Board meetings and supporting the delivery of the Fund’s set objectives, which is all part of a cycle of good governance
<b>Excellent Delivery</b>	Ensuring the service is appropriately resourced to achieve its objectives and comply with the steady increase in overriding legislative requirements.
<b>Risk Management</b>	Having a robust risk management framework in place allowing those responsible for the management of the Fund to understand the types of issues that might adversely impact it and assist in preventing issues arising or helping to reduce their impact where they do arise.
<b>Decision Making</b>	Ensuring each decision being taken is linked to a stated objective, keeping the Administering Authority on track in achieving its strategic aims.

In this report, we have considered each of these areas in turn for the Fund. In each area, we have set out why it is important (or “why this matters”), the findings from our research and any recommended actions. The recommendations are then summarised in Appendix 1.

In addition, we set out a plan of how the Administering Authority can address any gaps identified. Furthermore, the review sets out practical benefits, ensuring that objectives, policies and decision making within the Administering Authority are clearly aligned with the key aim of delivering an excellent service to scheme members and other interested parties.

Our review has been carried out at a high level. As a result, while we have considered the various policies and strategies that are required to be maintained, we have not drilled down into the detail of specific functions such as day-to-day administration, funding and investments or member/employer communications.

### 3 Research

In undertaking this review we have gathered information from the following sources:

- Conversations with the following key individuals throughout January 2019;
  - Cllr Tim Evans: Chair of the Pension Fund Committee
  - Cllr Nick Harrison: Chair of the Local Pension Board
  - Cllr Ben Carasco: Vice-Chair of the Pension Fund Committee
  - Neil Mason: Strategic Finance Manager (Pensions)
  - Kevin Kilburn: Deputy Chief Finance Officer
  - Mamon Zaman: Officer
  - Ayez Malik: Officer
  - John Smith: Officer
  - Clare Chambers: Pension Delivery Service Manager
- Attendance at the Local Pension Board on 17 January 2019 and the Pension Fund Committee on 8 February 2019.
- An Objectives Setting Workshop attended by members of the Pension Fund Committee, Local Pension Board and officers on 9 April 2019.
- Completion of an effectiveness questionnaire issued to all Pension Committee and Pension Board members, seeking their views on a variety of governance related issues (structure & culture, management of meetings, knowledge & training, risks & conflicts, advisers, documents and policies) – responses received are summarised in Appendix 2;
- A comparison of the governance arrangements with LGPS comparators and best practice in the private sector;
- A desk top review of key documents, reports, policies and statements, including:
  - Funding strategy statement;
  - Investment strategy statement;
  - Administration strategy (Year not confirmed but reference to 2008 LGPS Regulations);
  - Service Level Agreement
  - Breaches of Law policy;
  - Communication policy;
  - Business Plan 2018/19;
  - Guide to Scheme Employer LGPS discretionary policies;
  - Administering Authority discretions;
  - Pension Fund Annual Report 2017/18;
  - Governance Policy Statement; and
  - Pension Committee and Pension Board papers.

Our comments on these documents is set out in Appendix 4

We would like to thank all officers, elected members and Pension Board members for their assistance during our review.

## 4 Clarity of objectives

### Why this matters

Key to the success of the Surrey Pension Fund is having an agreed and clear set of objectives in place, covering all the elements of management and administration of the Fund. This provides the necessary clarity in terms of the Fund's direction, which in turn brings a greater focus to the business of the Fund. It is the building block that also ensures risks are managed appropriately, that there is better decision making and that time and resource is managed more effectively.

### Findings

The results of the effectiveness questionnaire suggested that Committee and Board Members felt that they and their colleagues were generally aware of the Fund's objectives. This is clearly a strong positive for the Fund.

However, an analysis of the Fund's key documents suggests that those objectives would benefit from being revisited. In a number of cases we found that what were termed as objectives or policies were more akin to statements of process. It was felt that by reframing objectives as over-riding guiding principles they become more universal. Rather than stating what the Fund will do the objective should state what the Fund believes is important. By setting strategic objectives in this way it then follows that the policies, processes and actions to achieve the stated objective can be put in place. The ability to set strategic goals for the Fund allows decision making to be made within a widely agreed framework. In effect members of the Committee and Board can ask themselves "does this decision support the agreed objectives of the Surrey Pension Fund?"

By not having a set of strategic objectives there is the risk that Committee and Board meetings could become overly focused on the short term and the operational.

### Steps taken

It was agreed with officers and the Chairs of the Committee and Local Pension Board that an objective setting workshop should take place in order to gather the views of Committee, Board and Officers in order to feed into a review of objectives and ultimately a mission statement.

The workshop was held on 12 April and was split into 4 areas; governance, funding, investments and administration. It was subsequently agreed that "administration" should be renamed as "delivery" as the former could imply purely the calculation and payment of pensions whereas the new name recognised that the Fund has responsibilities to deliver a wide range of functions.

The results of the workshop were then analysed and a resultant new set of proposed objectives were developed. The new objectives are shown below:

### Governance Objectives

- To deliver all LGPS administering authority functions to a high level of quality while recognising the need to deliver value for money.
- To ensure that policies support the strategic aims and objectives of the Fund.
- To ensure the effectiveness of the Pension Fund Committee, Local Pension Board and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies
- To ensure that decision making authority and areas of responsibility are clearly defined and reflected in the Council's Scheme of delegation, terms of reference and procedures.

- To recognise that communication is a two-way process and to communicate in a straightforward, effective and friendly way with all our stakeholders. We will listen and take on board all feedback.
- For the Pension Fund Committee and officers to procure professional advice and appropriate information and to interpret, scrutinise and challenge that advice in their supervision and monitoring of the Scheme in all areas.
- To enable the management of risks and internal controls to underpin the activities of the Fund
- To comply with relevant legislation, The Pensions Regulator's requirements and acknowledged best practice.
- To periodically seek external assurance as to the effectiveness of the governance framework. To report on this effectiveness.
- To act with integrity and transparency in a way that upholds public confidence in the management of Fund

### Delivery Objectives

- To ensure the correct benefits are paid to, and the correct income collected from, the correct people at the right time.
- To set out the administration standards expected of the Fund and scheme employers and the methods by which performance will be monitored and reported. To support employers in achieving those standards.
- To promote good working relationships and maximise efficiency between the SPF and scheme employers.
- To ensure scheme employers are aware of and understand their roles and responsibilities under the LGPS regulations.
- To ensure that the Fund maintains accurate pension records and that all data is stored, handled, reviewed and disposed of securely and in accordance with its legal obligations.
- To ensure that the administration costs attributable to scheme employers are charged proportionately to how they are accrued.
- To ensure that Scheme members, employers and others who have dealings with the Fund receive a strong customer focused service.
- To ensure members are communicated effectively so that they understand and appreciate the value of their benefits.

### Funding

- To ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- To ensure that employer contribution rates are affordable and stable.
- To reflect the different characteristics of scheme employers in determining contribution rates.
- To ensure administration costs attributable to scheme employers are charged proportionately to how they are accrued.
- To take reasonable measures to reduce the risk to all employers of any employer defaulting on its pension obligations.

### Investments

- To have a clearly articulated strategy for achieving the return required to meet pension payments.
- To have a strategic asset allocation that delivers long-term investment returns, while taking the appropriate level of risk required.
- To have sufficient liquid resources available to meet the Fund's ongoing obligations.
- To ensure material ESG factors are fundamental to all investment decisions.
- To appoint managers and advisors to deliver the investment strategy and monitor their effectiveness.

### Mission Statement

The Fund was also of the view it should develop a mission statement. This is a valuable tool in helping to focus and define the core philosophy of the Fund and to express succinctly what it stands for.

Following the objectives setting exercise and with input from officers the following mission statement was proposed;

*The Surrey Pension Fund strives to deliver a first-class service by creating strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community. ESG factors are fundamental to our approach which is underpinned by the highest standards of corporate governance, informed decision making, the use of technology and risk management.*

The statement seeks to bring together some of the key themes that have been identified as part of this review, namely the experience and expertise of the committee and officers, a strong commitment to improving the service, partnership working and an emphasis on strong governance and risk management.

### Recommendation

#### Recommendation 1

The Fund should adopt the objectives and mission statement as set out in this section.

## 5 Business planning and monitoring

### Why this matters

It is important to have a business plan in place that supports delivery of the Fund's objectives and provides the focus for clear decision making which is all part of a cycle of good governance. The business plan should set out all of the planned activities for the forthcoming short and medium term and form the focus for Committee and Board meetings.

Indeed the LGPS guidance on the Myners Principles published by CIPFA states the importance of having a business plan in place and what it should contain.

*The Chief Finance Officer should ensure that a medium term business plan is created for the pension fund, which should include the major milestones and issues to be considered by the committee. The business plan should contain financial estimates for the investment and administration of the fund and include appropriate provision for training. Key targets and method of measurement should be stated, and the plan should be submitted to the committee for consideration.*

*The business plan should review the level of internal and external resources the committee requires to carry out its functions effectively and contain recommended actions to put right any deficiencies or to anticipate changing requirements in the future.<sup>1</sup>*

Having a formal business plan in place brings a number of benefits.

- It aligns with the objectives of the Fund, providing clearer visibility of these to members of the Committee, Board and officers.
- It helps provide the focus to Fund business, enabling resources to be allocated appropriately and/or to highlight resourcing issues in advance.
- It helps the Fund in development of its longer-term view.
- It enables the full picture of Fund activities to be captured in a single document (e.g. investments, funding, delivery, and governance).

Aligned to the business plan is the need to ensure that both the Committee and Board are provided with appropriate performance management information at each meeting. This information should relate specifically to the objectives of the Fund and be cross referenced against the relevant item(s) in the business plan. The reporting will provide visibility to the Committee and Board on how successful the Fund is in achieving its objectives, identify the risks that may prevent the Fund from achieving those objectives and also highlighting any new risks or actions that need to be considered and incorporated into the plan.

### Findings

The Fund has a business plan which is regularly reported to the Pension Committee and allows them to track progress against actions.

It is recommended that the business plan is revisited once the Fund has agreed a new set of objectives and a mission statement. This will ensure that the business plan activities are explicitly linked to the Fund's objectives and support the delivery of those objectives.

---

<sup>1</sup> Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2012

**Recommendation**

**Recommendation 2**

The Fund's business plan should be reviewed in light of newly adopted objectives and mission statement.

## 6 Delivery

### Why this matters

Ensuring the Fund has appropriate staffing resource is key in delivering on any of the objectives it sets for itself, be that in relation to investment, funding, administration or governance. It is also vital that appropriate support is given to officers by senior management, as well as members of the Pension Committee and Pension Board.

Where, as is the case for the Surrey Pension Fund, the administration function is delivered by means of a shared service arrangement that is not directly managed by the Pensions Team, then it is crucial that the administration function receives proper oversight.

Even where administration is provided through a shared service or is outsourced, the administering authority remains responsible for the delegated tasks and functions. It is essential therefore, that the committee and board are clear about the levels of expected and agree standards against which performance can be measured.

The Pensions Regulator has emphasised this point as part of its 21<sup>st</sup> Century Trusteeship campaign;

*You should regularly assess their [service providers] performance against targets, measures and objectives that you've documented, and service providers should have suitable service level agreements that are appropriate for your scheme<sup>2</sup>*

### Background

Over the years there has been a steady increase in the number of overriding legislative requirements on pension administration teams and other officers charged with managing the LGPS Fund as per the table below.

Organisation	Issue
<b>Ministry for Housing, Communities and Local Government ("MHCLG")</b>	Funds are required to provide much more statistical information to MHCLG for the purposes of their reporting and scheme wide analysis
<b>HMRC</b>	Successive changes to the pension taxation system since 2006 have increased the complexity of individual member calculations and the quarterly or annual reporting to HMRC
<b>Public Service Pensions Act 2013 ("PSPA 2013")</b>	The PSPA 2013 requires each LGPS fund to establish a local pension board. While the local pension board can undoubtedly add value to LGPS funds, there is nonetheless an increased requirement for officer time to support the board
<b>The Pensions Regulator</b>	Since 2014, the code of practice 14 has required far greater need for compliance (and the need to demonstrate compliance) in areas such as knowledge & understanding, publishing of scheme information, conflicts and breaches of the law, scheme record keeping, maintaining contributions and dispute resolution
<b>The Pensions Ombudsman</b>	Member pension disputes have become more high profile over the years, with the need to ensure sufficient time and effort is placed in

<sup>2</sup> <https://www.thepensionsregulator.gov.uk/en/trustees/21st-century-trusteeship>

Organisation	Issue
	collating evidence and making individual determinations more time consuming
<b>Investment Pooling</b>	The requirement for LGPS funds to pool their assets has placed a significant additional workload on senior pension officers, s151 officers and pension committees, as they have had to become familiar with a number of new concepts and approaches. While it could be argued that pooling will eventually become “business as usual” it is likely that the transition to full pooling will take a number of years and will continue to place a large demand on officer and committee resource

### Findings

It is apparent from our various conversations and attendance at Committee and Board meetings that concerns exist about the current administration service provided. The Local Pension Board minutes of 23 October 2018 record that in respect of the Administration Performance Report for 1 July to 31 August “*The Board raised concerns with performance figures and agreed to express their disappointment to the Pension Fund Committee*”.

As part of the 21<sup>st</sup> Century Toolkit Campaign the Pensions Regulator has identified some key principles<sup>3</sup> that pension schemes should adopt when dealing with advisers and service providers. These points are designed to cover all services that might be provided, not just administration. An extract is provided below;

### Working well with your service providers and administrators

- 1 Agree standards that you can measure performance against
- 2 Regularly assess their performance against targets, measure and objectives that you’ve documented
- 3 Invite your advisers and service providers to your board meetings where appropriate
- 4 Make sure contracts are consistent with your scheme’s aims and objectives, and that you understand them
- 5 Have arrangements in place to deal with risks which may affect members
- 6 Challenge reports or decisions if you want further clarity or are unsure about how they’ve been reached

It is clear that the Surrey Pension Fund in its oversight role does adhere to these principles. The pension administration function is regularly reviewed at Board meetings and reported to the Committee, performance figures are provided and challenged, and the risks of poor performance are understood.

<sup>3</sup> <https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/21c-round-up-2.ashx>

From our review of past Board papers there may be some ways in which this oversight function could be strengthened. For example;

- In order to assist the Board to understand the experience of members, it may be helpful for them to receive details of the full period of time elapsed in completing certain key tasks. In some cases, this may be longer than the period the administration function has taken to process the case. For example, the administration team may process a retirement within 15 days, but that period may not include a 30 day delay in obtaining correct leaving details from the member's employer. It is quite proper that the administration function should "stop the clock" on cases where they are awaiting information outside of their control. However, as a measure of quality of service to the retiring member the full period for the task to be performed should be measured. Reporting such cases may also flag up specific employers that have a training or resource issue or highlight where processes might be improved.
- Where remedial actions are identified there should be a specific date for when each action will be completed, and ownership assigned. This will allow progress to be tracked.
- Any additional actions should specify the resource requirement to achieve them and who is responsible for delivery. Where additional resource is required, it should be made clear, where that resource is coming from and whether it will have an impact on another part of the administration function.
- In our experience it can be useful when reporting large amounts of text to make use of charts and diagrams to aid understanding. This may be something that the Pension Board may wish to consider.

During the conversations we held it was reported anecdotally that not all pension records are set up promptly on the administration system. It was stated that documents received in conjunction with casework are not immediately scanned and tagged to those records and that work is not always managed through the administration system's workflow module.

We are not able to comment on the above observation as administration matters are beyond the scope of this report, however, from a governance perspective, if the above situation is routinely the case it raises a number of concerns. The use of paper files is considered poor practice in pension administration. Holding data on a secure administration system is essential in terms of business continuity and security. It also allows for better management of workflow, allowing managers to track cases regularly and allocate resources accordingly. It also permits better managing information and reporting.

## Recommendations

### Recommendation 3

Officers should work with the administration team to consider what changes are required to the analysis and reporting of performance against service standards, better reflecting the full range of reporting requirements available, and supporting the Pension Board in effectively delivering on its responsibilities

### Recommendation 4

The Fund should receive reassurance from the administration function that all member records are set up on the pension administration system and that all relevant documents are scanned and assigned to the appropriate record.

## 7 Risk Management

### Why this matters

Having an appropriate risk management framework in place allows those responsible for the management of the Fund to understand the types of issues that might adversely impact it and the scale of impact should this happen. This framework can also assist in preventing issues arising or helping to reduce their impact where they do arise.

Risk management should not be focussed solely on funding or investment risks but should cover all aspects of the management and administration of the Fund, including the day-to-day administration responsibilities, employer management and overall governance arrangements.

Risk management should also be aligned with the Fund's objectives. As well as forming a key role as part of the decision-making process risk management should also be seen as an integral part of the day-to-day administration too.

### Findings

The Pension Committee and Pension Board's focus does extend beyond the traditional areas of funding and investments, with time taken to consider wider issues around administration and governance.

Management of risk has been a focus of recent activity by The Pensions Regulator and we are aware that risk registers have been part of the discussion that TPR has been having with selected funds. We believe there are a number of areas that TPR might expect to see in connection with risk management which the Fund should consider adopting. These include;

1. A risk management policy. This should set out the Fund's approach to managing risk including;
  - how risk management is implemented;
  - roles and responsibilities for the management of risk;
  - the key processes for operating the risk register e.g. how are risks added to and removed from the register;
  - key controls to be operated by those with responsibility for managing the Fund.
  
2. Additions to the risk register to indicate;
  - When a risk was added to the register or last reviewed
  - Who has responsible for managing a risk. TPR expect this to be the person who will actively monitor the risk, even if ultimate responsibility lies elsewhere.

### Recommendations

#### Recommendation 5

The Fund should create a risk management policy.

#### Recommendation 6

The Fund should revisit the existing risk register to ensure it reflects the expectations of TPR.

## 8 Decision making

### Why this matters

Clear objectives lead to better decision making. By having clear objectives in place this ensures each decision being taken is linked to a stated Fund objective. This in turn helps keep the Administering Authority on track in achieving its strategic aims.

Three main elements contribute to ensuring the Administering Authority can have confidence in the decisions it takes, which we have considered below:

### Structure and effectiveness of meetings

In order to achieve clear decision making it is essential that the Administering Authority has the correct governance structure in place. In this regard it is important to note that there is no “one-size-fits-all” solution and so each LGPS Administering Authority needs to decide what structure and approach is best for them.

It is also important to get the right balance in terms of length or frequency of meetings against the number of items needing to be considered.

### Strategies and policies

Having all of the requisite policies and strategies in place is vital. The LGPS Regulations specify a number of these that administering authorities must have in place. Additionally, the Regulators code of practice 14 adds to the number of policies and strategies that administering authorities need to consider having as part of best practice.

To ensure that these documents are appropriate it is essential that the Pension Committee and Pension Board are fully engaged in their development and review and that any advice or expertise received is appropriate and proportionate.

### Knowledge and skills

This is critical to the success of the Administering Authority in delivering its objectives. All members of the Pension Committee and Pension Board, as well as officers, need to have the appropriate levels of knowledge and understanding to perform their respective roles and need to be able to demonstrate this.

At a high level this can be assessed against the Pensions Regulator’s Public Service toolkit, albeit this is by nature generic across all public service schemes and does not fully cover the funded nature of the LGPS.

More specifically knowledge and understanding can be measured against the CIPFA Knowledge and Skills Frameworks.

As well as assessing knowledge and understanding against any of the above it is important that the Administering Authority documents its approach to training in a formal training policy.

### Findings

#### Structure and effectiveness of meetings

From our observations both the Pension Committee and Pension Board meetings are well run, with all participants given the freedom to express their views on agenda items and to scrutinise proceedings. Having reviewed the various Committee and Pension Board papers we are also happy that they are well presented, complying with the Council’s corporate reporting requirements. It was also pleasing to witness officers introducing reports in a clear and concise manner as well as delegating questions to the most appropriate officer in attendance.

On the day we observed the Pension Committee, there were a series of questions from the public relating to the investment activities of the Fund. The Chair and the members of the Committee dealt with these questions patiently and transparently and directed the individuals to where they could obtain further information.

Our effectiveness questionnaire found a positive response from Committee and Board members regarding the tone and management of meetings and the way in which the Committee and Board worked together.

### **Governance Matrix**

Given the increasing complexity of the LGPs, the increasing external governance oversight and the addition of investment pooling it has become increasingly important to delineate where decision making, and oversight responsibilities lie. One approach to this is to create a governance matrix. This simple but powerful tool sets out the key decision makers and governance bodies involved in running an LGPS fund. It then considers the main functions and decisions that need to be made in the running of the fund and flags who is responsible for making, overseeing or carrying out that decision.

### **Strategies and policies**

Our review of the Fund's key policy documents suggests that it has all the regulatory required documents in place. However, some of these documents, for example the Administration Strategy document, are out of date and require updating to reflect the challenges of the delivery function of an LGPS fund in 2019. We would also note that the current documents can be quite wordy in places and would benefit from a clearer focus on the objective of the document and making them more accessible to users. As a comment, many LGPS funds have moved from merely producing documents, in order to have them in place, to making them part of the active management of the Fund.

We also note that the Fund's Communication Policy, which is required by the Regulations, although straightforward and succinct, seems to lack the level of detail noted in most other LGPS funds Communication policy. It would be advisable for this policy to be reviewed and updated.

There are a few policies recommended by TPR that we could not find on the Funds website:

- Conflicts of Interest
- Complaints/IDRP (there is a small section on the Fund website but there doesn't appear to be a specific policy document)
- Record keeping
- Maintaining Contributions
- Risk assessments/management and risk register policies
- Training strategy

We also note that we could not find policies on the below best practice documents:

- Admission, cessation and bulk transfer policy
- Data Protection and Freedom of Information

Our feedback on the strategies and policies is set out in Appendix 5.

### Knowledge and skills

Our observations from both the Pension Committee and Pension Board meetings suggested a high level of engagement amongst all participants, with a high level of quality interactions. The majority of the Committee and the Board consider that *“there is sufficient time dedicated to gaining the appropriate knowledge and understanding” to carry out their role*”.

Furthermore, we note that the Fund does not currently have a formal training policy or plan in place for members of the Committee or Board or officers. TPR’s 21<sup>st</sup> Century Trusteeship Campaign identifies this as a key part of a well run scheme and states that;

*you should annually assess your knowledge, understanding and skills and evaluate the decisions you’ve made over the past year. This will help you identify your strengths and weaknesses and any gaps, which you can then address in your training plan.*

Ensuring a strategy is in place will help in coordinating individual planning, within the context of the Fund’s policy.

As a minimum we recommend that any such policy include:

- How training will be provided;
- Expectations in relation to attendance;
- How knowledge and understanding will be routinely assessed;
- The responsible officer within the Administering Authority charged with ensuring the policy is implemented

### Recommendations

#### Recommendation 7

Consideration should be given to putting in place a formal Training Policy, setting out the Administering Authorities approach to training for members of the Pension Committee, Pension Board and Officers involved in the management and administration of the Fund.

#### Recommendation 8

Introduce a governance matrix for the Fund.

#### Recommendation 9

Consideration to be given to completing a full review and updating of policies held by the Fund. Furthermore, the Fund should consider creation of those policies recommended by TPR but not currently produced and held by the Fund.

## 9 Next Steps

It is important to emphasise that the governance of the Surrey Pension Fund is in a very strong place. On all the key fundamental issues that would immediately impact an LGPS Fund's governance duties, such as effectiveness of its Pension Committee, Pension Board and Senior Fund Officers, the Surrey Pension Fund has demonstrated and evidenced that it is on solid foundations. We have recognised these positive aspects of the Fund's governance throughout our report but have sought recommendations that would aid the Fund's continued push for excellence in this, and all, areas. With the ever-increasing role of the Pension Regulator in public sector pensions and the high level of scrutiny placed on funds by a variety of external scrutineers, now is an appropriate time to take stock and make sure that all those with responsibility for the management of the Fund have a full understanding of both the risks and opportunities available in the current LGPS environment.

We would recommend that this paper is presented to the Pension Committee and Pension Board and that our overall findings and recommendations are passed for their approval.

We recommend that a 3-year rolling work plan should be developed and agreed, based on these recommendations, setting out the various actions required, the owners of the actions and appropriate timescales to take them forward to completion. Within this work plan clear short to medium term priorities should be set out for the coming 12 to 18 months, while taking account of key pieces of Fund business (e.g. issue of annual benefit statements, financial accounting and triennial/quadrennial valuation exercises). Progress against this plan should then be monitored on a regular basis and adjustments made when required.

Prepared by:-



Ian Colvin



Andrew McKerns

24 May 2019

For and on behalf of Hymans Robertson LLP

## 10 Reliance's and limitations

This report has been prepared for Surrey County Council.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as at May 2019.

# Appendix 1

## Summary of recommendations

### Clarity of objectives

#### **Recommendation 1**

The Fund should adopt the objectives and mission statement as set out in this section.

### Business planning and monitoring

#### **Recommendation 2**

The Fund's business plan should be reviewed in light of newly adopted objectives and mission statement.

### Delivery

#### **Recommendation 3**

Officers should work with the administration team to consider what changes are required to the analysis and reporting of performance against service standards, better reflecting the full range of reporting requirements available, and supporting the Pension Board in effectively delivering on its responsibilities

#### **Recommendation 4**

The Fund should receive reassurance from the administration function that all member records are set up on the pension administration system and that all relevant documents are scanned and assigned to the appropriate record.

### Risk Management

#### **Recommendation 5**

The Fund should create a risk management policy.

#### **Recommendation 6**

The Fund should revisit the existing risk register to ensure it reflects the expectations of TPR.

### Decision Making

#### **Recommendation 7**

Consideration should be given to putting in place a formal Training Policy, setting out the Administering Authorities approach to training for members of the Pension Committee, Pension Board and Officers involved in the management and administration of the Fund.

#### **Recommendation 8**

Introduce a governance matrix for the Fund.

#### **Recommendation 9**

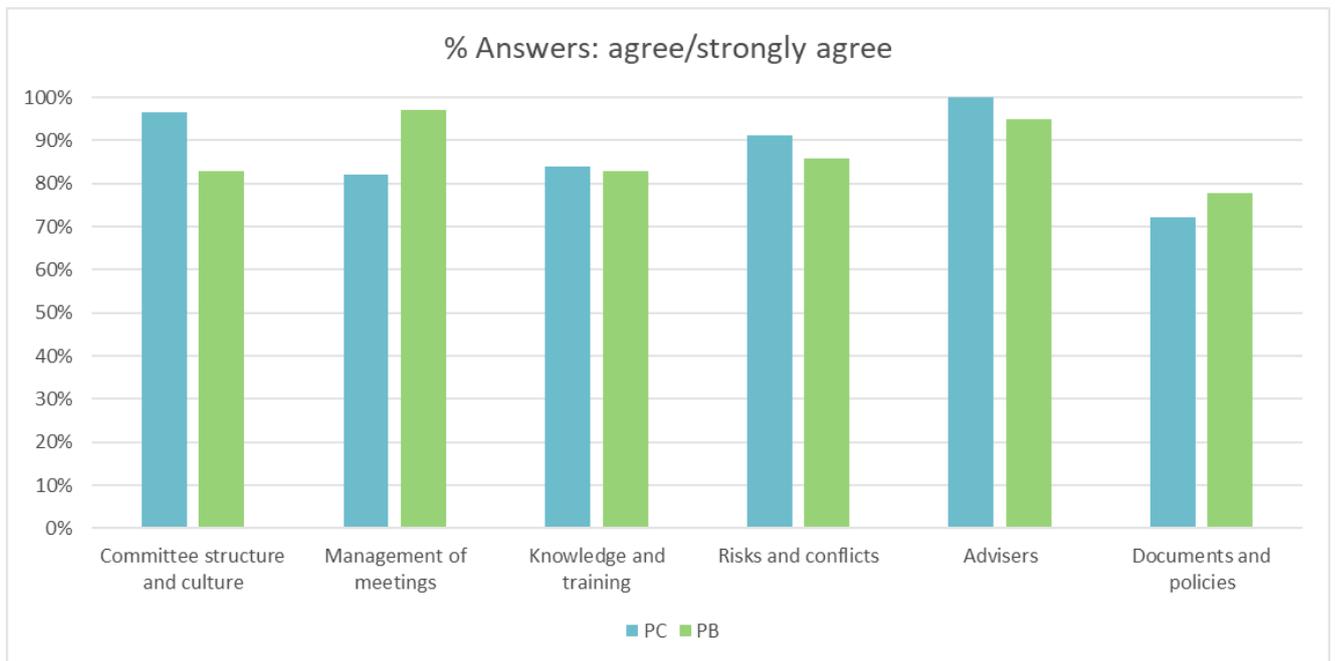
Consideration to be given to completing a full review and updating of policies held by the Fund. Furthermore, the Fund should consider creation of those policies recommended by TPR but not currently produced and held by the Fund.

# Appendix 2

## Effectiveness questionnaire responses (results only)

The table below summarises the responses of the Pension Fund Committee and Pension Board to a series of statements broken down into key areas, for example Committee structure and culture. The statements represent positive governance characteristics, so high levels of agreement are a positive indicator.

The individual statements and responses are provided in the remainder of this appendix.



Question		No. of responses				
		Committee	Board	Total		
<b>1</b> Committee structure and culture						
1.1	I understand my role and obligations under the LGPS Regulations and Committee's/Board's own terms of reference.		Strongly Agree	3	3	6
			Agree	5	2	7
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
1.2	The Committee/Board has sufficient time and resources available for the ongoing management of the Fund.		Strongly Agree	4	1	5
			Agree	4	2	6
		3	Neither Agree nor Disagree	0	2	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
1.3	Do you believe your colleagues on the PC/LPB are clear on these objectives?		Strongly Agree	1	2	3
			Agree	7	3	10
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
1.4	The current size of the Committee/Board is about right		Strongly Agree	3	3	6
			Agree	5	1	6
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
1.5	The distinction between the roles of elected members, Board members and officers is understood.		Strongly Agree	3	2	5
			Agree	5	2	7
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
1.6	Sufficient time is given to reviewing the Funds governance structure to ensure it remains appropriate		Strongly Agree	4	2	6
			Agree	3	2	5
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
1.7	The Committee and Board work effectively as a team		Strongly Agree	4	2	6
			Agree	3	2	5
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Question		No. of responses				
		Committee	Board	Total		
<b>2</b> Management of Meetings						
2.1	The number of scheduled meetings is sufficient for the Committee/Board to conduct its business		Strongly Agree	4	0	4
			Agree	3	5	8
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
2.2	The Committee's/Board's agendas focus on the right topics to allow me to carry out my role.		Strongly Agree	3	2	5
			Agree	3	3	6
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
2.3	Meetings are run such that there is sufficient time to discuss all the issues properly		Strongly Agree	4	1	5
			Agree	2	4	6
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
2.4	Committee/Board meetings are well managed and productive		Strongly Agree	4	2	6
			Agree	3	3	6
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
2.5	A suitable structure exists to ensure any issues can be appropriately escalated		Strongly Agree	3	1	4
			Agree	4	3	7
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
2.6	The Chair has the right qualities in order to perform the role		Strongly Agree	5	4	9
			Agree	1	1	2
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
2.7	Meetings are chaired in an even-handed manner, with all opinions being heard and consensus being sought		Strongly Agree	5	3	8
			Agree	2	2	4
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Question		No. of responses				
		Committee	Board	Total		
<b>3</b>	<b>Knowledge and Training</b>					
3.1	I have sufficient knowledge and understanding to enable me to properly discharge my duties as a Committee/Board member.		Strongly Agree	3	2	5
			Agree	4	2	6
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
3.2	I am familiar with the principles of the Fund's training strategy		Strongly Agree	1	2	3
			Agree	7	3	10
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
3.3	There is sufficient time dedicated to gaining the appropriate knowledge and understanding?		Strongly Agree	3	2	5
			Agree	4	1	5
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	1	1
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
3.4	The Committee/Board receives appropriate briefings from officers and advisers on current topics and new developments		Strongly Agree	3	1	4
			Agree	5	3	8
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
3.5	I am familiar with the objectives of the Fund		Strongly Agree	4	2	6
			Agree	4	3	7
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
3.6	I have completed the Pension Regulator's online Toolkit		Strongly Agree	1	4	5
			Agree	1	0	1
		3	Neither Agree nor Disagree	3	1	4
			Disagree	3	0	3
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
3.7	The Committee/Board is kept up to date with any legal or regulatory changes impacting the scheme		Strongly Agree	1	1	2
			Agree	6	3	9
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Question		No. of responses				
4 Risks and Conflicts						
		Committee	Board	Total		
4.1	I am aware of the need to disclose any conflict of interest that arises	Strongly Agree	6	4	10	
		Agree	2	1	3	
		Neither Agree nor Disagree	0	0	0	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
4.2	I have the opportunity to disclose conflicts of interest	Strongly Agree	5	4	9	
		Agree	3	1	4	
		Neither Agree nor Disagree	0	0	0	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
4.3	The Committee/Board regularly sees the Fund's issues log	Strongly Agree	4	3	7	
		Agree	3	1	4	
		Neither Agree nor Disagree	1	1	2	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
4.4	The Committee/Board is given adequate opportunity to input into the development of and actions within the Fund's issues log	Strongly Agree	2	2	4	
		Agree	4	2	6	
		Neither Agree nor Disagree	2	1	3	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
4.5	In meetings the distinction between "Fund business" and "Employer business" is clearly understood.	Strongly Agree	1	2	3	
		Agree	6	1	7	
		Neither Agree nor Disagree	1	2	3	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
4.6	I am confident that the Fund is managing risk appropriately	Strongly Agree	2	0	2	
		Agree	5	5	10	
		Neither Agree nor Disagree	1	0	1	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
4.7	If I suspected a breach of the law, I would know the proper process to follow.	Strongly Agree	1	2	3	
		Agree	7	2	9	
		Neither Agree nor Disagree	0	0	0	
		Disagree	0	0	0	
		Strongly Disagree	0	1	1	

Question		No. of responses				
<b>5</b> Advisors				<b>Committee</b>	<b>Board</b>	<b>Total</b>
5.1	Advisers make a useful contribution to the Committee/Board meetings		Strongly Agree	8	1	9
			Agree	0	4	4
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
5.2	I understand the role of the Fund's actuary		Strongly Agree	6	3	9
			Agree	2	2	4
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
5.3	I understand the role of the Fund's investment advisors		Strongly Agree	5	3	8
			Agree	3	2	5
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				<b>Committee</b>	<b>Board</b>	<b>Total</b>
5.4	I understand the role of the Fund Committee/Pension Board		Strongly Agree	4	2	6
			Agree	4	2	6
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Question		No. of responses				
6 Documents and Policies			Committee	Board	Total	
6.1	I know where to find up to date copies of the Fund's key documents		Strongly Agree	3	1	4
			Agree	4	3	7
		3	Neither Agree nor Disagree	0	0	0
			Disagree	1	1	2
			Strongly Disagree	0	0	0
			Committee	Board	Total	
6.2	I understand the purpose of the Fund's Funding Strategy Statement		Strongly Agree	4	2	6
			Agree	3	2	5
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	1	1
			Strongly Disagree	0	0	0
			Committee	Board	Total	
6.3	I understand the purpose of the Fund's Communications Policy		Strongly Agree	0	0	0
			Agree	4	4	8
		3	Neither Agree nor Disagree	3	0	3
			Disagree	1	1	2
			Strongly Disagree	0	0	0
			Committee	Board	Total	
6.4	I understand the purpose of the Administration Strategy		Strongly Agree	1	1	2
			Agree	5	3	8
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	1	1
			Strongly Disagree	0	0	0
			Committee	Board	Total	
6.5	I am satisfied that the Fund undertakes regular reviews of its member data, in line with Pensions Regulator guidelines		Strongly Agree	0	0	0
			Agree	3	3	6
		3	Neither Agree nor Disagree	5	2	7
			Disagree	0	0	0
			Strongly Disagree	0	0	0
			Committee	Board	Total	
6.6	A data improvement plan is in place, with progress against objectives reviewed regularly		Strongly Agree	0	0	0
			Agree	5	3	8
		3	Neither Agree nor Disagree	2	2	4
			Disagree	1	0	1
			Strongly Disagree	0	0	0
			Committee	Board	Total	
6.7	The Committee/Board is informed of changes to the Fund's key documents		Strongly Agree	1	0	1
			Agree	5	5	10
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0

				Committee	Board	Total
6.8	I am aware of the Fund's business plan, including its goals and objectives.		Strongly Agree	2	0	2
			Agree	5	4	9
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				Committee	Board	Total
6.9	There are adequate processes and a structure in place to monitor performance against the Fund's objectives		Strongly Agree	2	1	3
			Agree	5	3	8
		3	Neither Agree nor Disagree	1	1	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0

# Appendix 3

## Review of the Surrey Pension Fund against the 10 topics of TPR 21<sup>st</sup> century trustee

21 <sup>st</sup> Century Trustee Topic	Brief description	Surrey PF review - analysis
Good Governance Fundamentals	Are appropriate people, structures in place?	<p>Yes – our review has shown that both the fundamental structures and people are in place.</p> <p>One area of concern is the ability of the Pension Committee and Pension Board to appropriately scrutinise the delivery function of the Fund’s administration. This is perhaps where the Fund should look to review as part of its structures and practices.</p>
Roles and Responsibilities	<p>Is there clarity around roles, responsibilities, decision-making, governance structures and processes?</p> <p>Are they clearly documented?</p>	<p>The evidence provided within our review, in particular the information gained from the effectiveness review, indicates a clear understanding of roles and responsibilities within the Fund’s management.</p> <p>The 2017/18 annual report has a long section on Pensions Governance and demonstrates the importance appropriate Governance structures and processes are in place at the Fund.</p> <p>One note of caution is that the Fund’s documentation of some policies appears to be out of date and should be reviewed and updated.</p>
Purpose and strategy	<p>Is the legislative position well understood?</p> <p>Does the Fund have clearly understood objectives?</p> <p>Are these supported by the Business Plan?</p> <p>Are these supported by Fund strategies and policies?</p>	<p>The Governance review has allowed the Fund to refresh their objectives and to introduce a mission statement which encapsulates all recent objective work.</p> <p>With the Fund’s fundamental structure and roles strongly in place, this renewed focus to put in place appropriate 2019 LGPS fund objectives highlights the Fund’s goal to strive for excellence in its performance on all areas.</p>

21 <sup>st</sup> Century Trustee Topic	Brief description	Surrey PF review - analysis
Competence and integrity	<p>Have the Committee and Board reviewed their effectiveness</p> <p>Do members of Committee and Board act in the best interests of the Scheme members?</p>	<p>Both the competence and integrity of Pension Committee and Pension Board members have been shown to be at the highest level in the evidence provided and found within the Governance review</p>
Skills and training	<p>Is a training strategy in place?</p> <p>Is training delivered?</p> <p>Is the effectiveness of training assessed?</p>	<p>There were no details of a documented training strategy being in place for the Pension Committee and Pension Board.</p> <p>We note that this has been added as an action within the 2019/20 business plan for the Fund.</p>
Advisers and Providers	<p>Do advisers provide clear and relevant advice focused on areas that have the most impact?</p> <p>Do advisers help the Committee and Board run the schemes effectively, offering feedback and challenge</p>	<p>The evidence provided from the effectiveness review would indicate that both Pension Committee and Pension Board members are happy with the impact of advisors as part of the Governance of the Fund.</p>
Conflicts of Interest	<p>Is there a conflict of interest policy and a current register of interests?</p>	<p>A conflict of interest policy was not found within our desktop review of the Funds policies.</p> <p>While elected members will be subject to the Council's own register of interests there should be a Pension Fund policy on conflicts of interest and a register of interests for all committee and board members.</p>
Managing Risk	<p>Is there a risk management framework in place?</p> <p>Is it communicated effectively to the Committee and Board and well understood?</p>	<p>We could not find details of a risk management document or risk register policy on the Fund's website.</p> <p>However, we are aware that the Risk Register is regularly reviewed and presented to the Pension Board.</p>

21 <sup>st</sup> Century Trustee Topic	Brief description	Surrey PF review - analysis
Meetings and decision making	<p>How effective are meetings?</p> <p>How well are they chaired?</p> <p>Are all voices heard?</p>	<p>Both the evidence of my observations of Fund meetings and the information within the effectiveness review indicate that this is a particularly strong area for the Fund.</p> <p>It was encouraging seeing first-hand the constructive nature of Fund meetings. Comments from effectiveness review respondents highlight that views are sought from all parties during meetings.</p>
Value for scheme members	<p>Are scheme members surveyed for their satisfaction with the service the Fund provides?</p>	<p>No evidence was presented to answer this specific question.</p>

# Appendix 4

## Review of key policies & documents

Strategy/policy	Effective date	Legal or Regulator requirement	Notes
Funding strategy statement	2017	LGPS Regulations	<p>Reviewed as part of 2016 funding valuation, in conjunction with the Fund actuary and consultation with employers.</p> <p>Given recent changes to the LGPS Regulations regarding refund of funding surplus for exiting employers this may require review ahead of 2019 valuation exercise</p>
Investment Strategy Statement	2017	LGPS Regulations	Comprehensively reviewed as a requirement of the LGPS (Management and Investment of Funds) Regulations 2016. This was recently approved by the Surrey Pension Fund Committee on the 8 <sup>th</sup> February 2019.
Communications Policy	May 2013	LGPS Regulations	<p>Very light on detail. Does not cover:</p> <ul style="list-style-type: none"> <li>- key objectives;</li> <li>- measures of success;</li> <li>- purpose of type of communication used for different events</li> <li>- details of the pension team/opening times.</li> </ul> <p>This is not a visually engaging document and could be used to further enhance the engagement between the Fund, its employers and members.</p>

Strategy/policy	Effective date	Legal or Regulator requirement	Notes
Administration Strategy	Not specified	LGPS Regulations – best practice	<p>Consider as a matter of priority in developing and publishing a robust Administration Strategy, in line with best/accepted practice across LGPS Funds.</p> <p>Our observation of the current administration strategy document is that it is both quite wordy but also short.</p> <p>Many LGPS funds are using the update of their Administration Strategy document to set new policies on employer fines, noting the importance of data and confirming timescales for both the Fund and Employers responsibilities and duties.</p>
Governance Compliance Policy & Statement	2013 Compliance statement and is not specified for Policy statement	LGPS Regulations	The versions online appear to be out of date. Both are not very engaging documents and we would recommend that these documents are reviewed as part of the 2019/20 document reviews being completed by the Administering Authority.
The Surrey Pension Fund Board attendance and Knowledge and Understanding policy	Not specified	Best practice	This document only mentions 6 core skills from the CIPFA knowledge and skills framework. There is no mention of administration knowledge.
Service level agreement	Not specified	Best practice	We would suggest that this is updated at the same time as any review of the administration strategy document. This is to ensure there is a consistent message communicated by the Fund.
Breaches of the Law	Not specified	Code of Practice 14	This is a very well drafted, comprehensive policy document that is clearly laid out and easy to follow.
Annual report 2017/18	2018		Very good annual report that informs interested parties on the Fund's performance throughout 2017/18.

Strategy/policy	Effective date	Legal or Regulator requirement	Notes
Business plan 2018/19	2018		Very clear and easily understood business plan. Succinctly sets out the Fund's key management actions for the year ahead.
Discretions Policies (employer)	2016	LGPS Regulations	Comprehensive. Should be reviewed to ensure it does not need to be updated.
Discretions Policies (Administering Authority)	Not specified	LGPS Regulations	Very comprehensive. Should be reviewed to ensure that it does not need to be updated.

<i>Other policies/procedures to consider</i>	
Risk management policy	See Recommendation 5
Training Policy and Log	See Recommendation 7
Contribution Policy	<p>Setting out the Fund's expectation in respect of the payment of employer and employee contributions, together with the procedures to be followed when dealing with non-compliance.</p> <p>This could be incorporated into, or be standalone from, the Fund's Administration Strategy</p>
Ill Health Guidance	While an employer responsibility the Fund might wish to consider the introduction of specific guidance to employers concerning the ill health retirement process and how they can best mitigate the risk of possible pension disputes in this area.
Admissions/Cessations/Bulk Transfers	The Fund should consider setting out its approach to the admission of new employers as well as how it would expect to deal with possible bulk transfers and exiting employers.

***Other policies/procedures to consider***

Transgender	<p>While the Council may have a general policy on transgender issues it is important that the Fund understands</p> <ul style="list-style-type: none"><li>a) the impact on individual entitlements resulting from transitioning; and</li><li>b) the associated record keeping implications</li></ul> <p>It may be useful for the Fund to consider introducing a document that sets out the approach to the above.</p>
-------------	--

This page is intentionally left blank