

Suffolk Pension Fund

Governance Policy Statement 2017

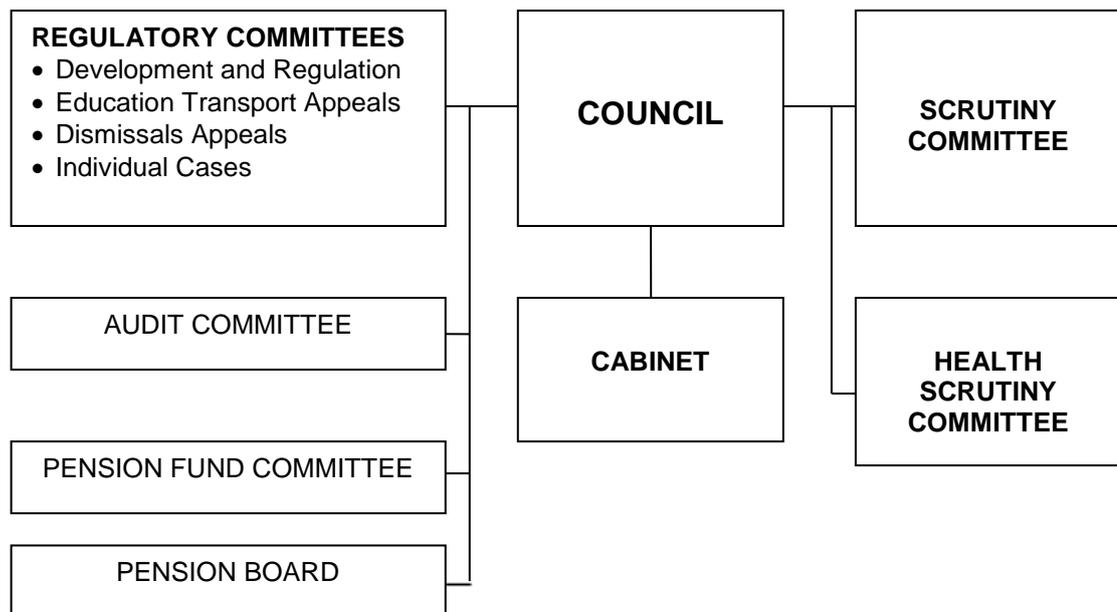
Purpose

1. With effect from April 2006, Pension Fund administering authorities have been required to prepare and publish a governance policy statement. The policy statement must set out:
“whether the administering authority delegates its functions in relation to the pension fund to a committee, a sub-committee or an officer of the Council; and where this is the case, details of:
 - (i) the frequency of any committee’s meetings;
 - (ii) the terms of reference, structure and operational procedures in relation to the use of delegated powers;
 - (iii) whether the committee includes representatives of employers or scheme members; and if so, whether they have voting rights.”

2. This policy statement sets out Suffolk County Council’s arrangements for discharging its responsibilities for Pension Fund matters.

Governance of the Suffolk Pension Fund

3. Under the Cabinet structure in local government, management of the Pension Fund is a non-executive function and this is reflected in the Suffolk governance structure that is set out below:



Pension Fund Committee Terms of Reference

4. The terms of reference for the Pension Fund committee are set out below:
 - (a) To be responsible for the effective and prudent management of the Suffolk Pension Fund, having proper regard to the professional advice that it receives.
 - (b) To approve and maintain the fund's investment strategy statement.
 - (c) To consider and approve the fund's funding strategy statement.
 - (d) To review and set the Pension Fund's asset allocation.
 - (e) To appoint fund managers and other providers of professional services for the fund and to review from time to time their terms of appointment.
 - (f) To review and set investment objectives for the fund managers.
 - (g) To receive information on the fund's performance on at least a quarterly basis and to consider future asset allocation and investment strategy.
 - (h) To meet with the fund's investment adviser on at least a quarterly basis to consider the performance of the fund managers.
 - (i) To consider the results and impact of the triennial actuarial valuation and any interim valuation reports.
 - (j) To publicise their stewardship role to all scheduled and admitted bodies of the Pension Fund and to all contributors and beneficiaries by means of an annual report and annual meeting for employers and other stakeholders.
 - (k) To consider and approve if appropriate, the applications of organisations to be admitted bodies of the fund.
 - (l) To consider any other relevant matters on the administration of the Pension Fund investments.
 - (m) To receive regular training to enable committee members to make effective decisions and be fully aware of their statutory and fiduciary responsibilities and their stewardship role.
 - (n) To be responsible for any other matters which fall within the Council's responsibilities as the administering authority for the Pension Fund.

Operational Procedures

5. The committee shall have at least four regular meetings scheduled each year. At these meetings the committee will receive a report on the investment performance of the fund in the quarter.
6. The committee will receive an annual report from the fund's independent performance measurement adviser to review the long-term performance of the fund and the fund's investment managers. In addition, the committee will hold meetings as required, to discuss specific issues, such as the actuarial results, to review the overall investment strategy of the fund and to examine manager performance in greater depth.

7. If a casual vacancy occurs on the committee, it will not be filled until the nominated member has received appropriate training. Substitutes will only be allowed if they have received appropriate training in the business and responsibilities of the committee.

Communication and Reporting

8. All employers and other stakeholders in the Suffolk Pension Fund will be invited to an annual meeting each year with the Pension Fund committee. The meeting will consider reports on the fund's performance and its actuarial position.
9. The Pension Fund's web site will publish relevant documents and reports relating to the Pension Fund, including the annual report, the statement of investment principles, the funding strategy statement and the fund's policy statement on proxy voting.

Membership of Pension Fund Committee

10. The Pension Fund committee will consist of seven county councillors. Its membership will reflect the political balance of the County Council.
11. There will be in addition two co-opted district or borough councillors, with voting rights, who will be nominated annually by the Suffolk Public Sector Leaders Group.
12. There will also be one co-opted scheme member representative, who will have voting rights, and who will be nominated annually by UNISON. The scheme member representative will represent the interests of employee members and pensioner and deferred pensioners.

ACCESS Pool Terms of Reference

13. The ACCESS Pool will be governed by a Joint Committee constituted under s101 of the Local Government Act 1972 and made up of one elected councillor chosen by each authority from their Pension Committee. The Joint Committee (or Joint Governance Committee as it will be known) will be "hosted" by one of the ACCESS local authorities. The host authority will undertake the secretariat function for the Joint Governance Committee.
14. A Chairman and Vice-Chairman of the Joint Governance Committee will be appointed by the members of the Joint Governance Committee. Each elected member will have one vote in any decision requiring a vote, and decisions will be carried by a simple majority with the Chairman having a casting vote if necessary.
15. The specific functions that would be delegated to the Joint Governance Committee are specified in Schedule 2 of the Inter Authority Agreement. The terms of reference are as follows:

Part 1 Functions in relation to the Operator

1. **Specifying Operator services:** Deciding, in consultation with the Councils, the specification of services and functions that the Operator will be required to deliver including the sub-funds and classes of investments required to enable each Council to execute its investment strategy.
2. **Procuring the Operator:** Agreeing the method and process for the procurement and selection of the Operator.
3. **Appointing the Operator:** Making a recommendation to the Councils as to the identity of the Operator and the terms upon which the Operator are to be appointed.
4. **Reviewing the Performance of the Operator:** Keeping the performance of the Operator under constant review and making arrangements to ensure that the Joint Committee is provided with regular and sufficient reports from the Officer Working Group to enable it to do so including but not limited to:
 - 4.1 the performance of the Operator against its contractual requirements and any other performance measures such as any Service Level Agreement (SLA) and key performance indicators (KPIs) and Officer Working Group recommendations on any remedial action;
 - 4.2 sub-fund investment performance;
 - 4.3 investment and operational costs including the annual review of investment manager costs;
 - 4.4 performance against the strategic business plan agreed by the Councils.
5. **Managing the Operator:** The Joint Committee shall:
 - 5.1 Make recommendations to the Councils on the termination or extension of the Operator Contract and
 - 5.2 Make decisions about any other action to be taken to manage the Operator Contract including the giving of any instruction or the making of any recommendation to the Operator including but not restricted to recommendations on investment managers (within any regulatory constraints that may apply).
6. **Appointment of Advisers**
 - 6.1 The Joint Committee may appoint such professional advisers on such terms as it thinks fit. Any procurement of advisers must comply with the constitution of the Authority designated to undertake the procurement and that Authority will enter into a contract with the appointed adviser on behalf of the Authorities.

- 6.2 The Joint Committee shall decide which tasks shall be performed by the Client Unit and which Council shall manage the Client Unit including the employment arrangements for employees in the Client Unit.

Part 2 Functions in relation to management of Pool Assets

7. The Joint Committee shall make recommendations to the Councils on the strategic plan for transition of assets that are to become Pool Assets.

Part 3 Functions Concerning Pool Aligned Assets

8. Making recommendations to the Councils about Pool Aligned Assets (including proposals concerning the migration of investments-such as passive investments via life fund policies-to become Pool Aligned Assets) in accordance with this Agreement or any other delegation to the Joint Committee by the Councils.

Part 4 Functions concerning Business Planning and Budget

9. Make recommendations to the Councils about the annual strategic business plan for the Pool
10. Determine the budget necessary to implement that plan and meet the expenses of undertaking the Specified Functions (insofar as they will not be met by individual transaction costs paid by Councils to the Operator) in accordance with Schedule 5 hereof.
11. Keep the structures created by this Agreement under review from time to time and make recommendations to the Councils about:
 - 11.1 the future of the Pool;
 - 11.2 any changes to this Agreement; and
 - 11.3 as to the respective merits of continuing to procure operator services by means of a third party or by creation of an operator owned by the Councils.
12. The Joint Committee is required to commence the first review of this Agreement by the second anniversary of its first meeting.
13. The Joint Committee is required to undertake a review of the Pool and this Agreement:
 - 13.1 to be completed 18 months before the expiry of each and every Operator Contract including as a result of the exercise of any option to terminate the Operator Contract;
 - 13.2 whenever a Council gives notice of withdrawal under clause 12 of this agreement.

Pension Board Terms of Reference

16. The role of the Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –
 - a) Assist the Council as Scheme Manager:
 - i. to secure compliance with the Local Government Pension Scheme (LGPS) Regulations and any other legislation relating to the governance and administration of the LGPS;
 - ii. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
 - iii. in such other matters as the LGPS Regulations may specify.
 - b) Secure the effective and efficient governance and administration of the LGPS of the Suffolk Pension Fund
17. The Pension Board is to effectively and efficiently comply with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
18. The Pension Board will also help ensure that the Suffolk Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
19. The Pension Board will receive regular training to enable committee members to make effective decisions and be fully aware of their statutory and fiduciary responsibilities and their stewardship role.
20. The Pension Board shall have access to the Council, Pension Fund committee, or any other body or officer that it considers appropriate, in order to fulfil its obligations.

Membership of Pension Board

21. The Board will consist of six members - three Pension Fund employer representatives, and three Pension Fund member representatives. No Board member may also be a member of the Pension Fund committee.
22. The Council will arrange for the selection of the employer and member representatives, ensuring that any vacancies are advertised appropriately in order to provide an opportunity for all to apply, including those from minority groups.

Responsibilities of the Section 151 officer for Pension Fund matters

23. The Council's Head of Finance, the responsible financial officer under section 151 of the Local Government Act 1972, is responsible for all arrangements

concerning the Pension Fund within the scope of the policies that are approved by the Pension Fund committee.

24. The Head of Finance will ensure that the Pension Fund complies with the regulations governing the administration and the investment of the Local Government Pension Fund Scheme as amended from time to time by the Secretary of State for Communities and Local Government.
25. The Head of Finance will ensure that the Pension Fund complies with Council's Financial Regulations.

CIPFA Code of Practice

26. The Pension Fund adopts the key recommendations of Public Sector Pensions Finance - Knowledge and Skills: A CIPFA Code of Practice.
27. The Pension Fund recognises that effective financial management and decision-making⁽¹⁾ can only be achieved where those involved have the requisite knowledge and skills.
28. Accordingly the Pension Fund will create and maintain formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial management and decision-making.
29. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.
30. The Pension Fund will report on an annual basis how these policies have been put into practice throughout the financial year.
31. This organisation has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Section 151 officer who will act in accordance with the organisation's policy statement, and, where if they are a CIPFA member, with the CIPFA Standards of Professional Practice (where relevant).

Note (1) In this context, decision-makers are those with executive authority serving on governing bodies: boards, pensions fund committees, investment committees etc.