

## **Pension Advisory Board**

**05 September 2022**

### **Review of Pension Fund Policy Documents**

#### **Report by Director of Finance and Support Services**

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#### **Summary**

It has been agreed that the Pension Advisory Board review relevant policy documents as part of its ongoing agenda.

#### **Recommendations**

- (1) That Board note the register of Policy Documents
  - (2) That the Board provide feed back on the policy documents presented at the meeting in respect of their compliance with regulations and guidance.
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#### **Proposal**

##### **1 Background and context**

- 1.1 The Pension Regulators Code of Practice 14 requires that Pension board members must be conversant with their scheme rules which are primarily found in the scheme regulations and documented administration policies currently in force for their pension scheme.
- 1.2 By reviewing policy documents on a regular basis the Board will be fulfilling their role in supporting the Scheme Manager by ensuring compliance with regulations. This would also assist members in ensuring they have the relevant knowledge and understanding of the Scheme.

##### **2 Pension Fund Policy Documents**

- 2.1 The Pension Fund is required by law to keep and maintain a number of policy documents. A list of all Pension Fund Policy Documents is included at Appendix A. It is proposed that as policies are reviewed by officers they will be presented to the Board for review against Regulations or Guidance.

##### **3 Annual Report**

- 3.1 The Regulations require the County Council to prepare an Annual Report. An extract is included in Appendix B. The Regulations require that "In preparing and publishing the pension fund annual report, the authority must have regard to guidance given by the Secretary of State". In this context, CIPFA's has published guidance on Preparing the Annual Report 2019 (published April 2019), which is available on request.

- 3.2 The CIPFA guidance uses 'Must', 'Should' and 'May' in relation to compliance and states that where significant variation from the guidance is considered appropriate an explanation should be provided.
- 3.3 A full checklist is included within the CIPFA guidance. Appendix C indicates where the Pension Fund's latest Annual Report is not fully compliant with aspects of the guidance. As identified, there are a few areas where it has not been possible to meet the guidance in full mainly due to the applicability of the guidance.

<b>Criteria</b>	<b>Commentary</b>
<b>Must</b>	Compliance is mandatory. Any non-compliance should be clearly identified in the annual report and an explanation provided.  The Fund is compliant with 95% of these requirements.
<b>Should</b>	Compliance is anticipated but is discretionary. Where non-compliance may be significant or material for the readers the non-compliance should be identified and explained. The Fund is compliant with 88% of these requirements.
<b>May</b>	Compliance is recommended but is discretionary.

- 3.4 The draft Annual Report for 2021/22 was considered by the Pension Committee at their meeting on 27 July. A copy of the report will also be shared with all employers.
- 3.5 The Statements of Accounts, which form an appendix within the report were not available at the time of the meeting. They will be considered for approval by the County Council Regulation, Audit and Accounts Committee in September.

#### **4 Funding Strategy Statement**

- 4.1 Under the Regulations, the Administering Authority must obtain an actuarial valuation of assets and liabilities of the pension fund. Work has started to obtain an update position from the Fund Actuary as at 31 March 2022.
- 4.2 The purpose of the Funding Strategy Statement is to set out the Administering Authority's approach to funding its liabilities and how employer liabilities are measured (the value of the benefits to be paid to members), the pace at which these liabilities are funded (the balance between investment risk and the level of contributions required) and how employers or pools of employers pay for their own liabilities.
- 4.3 The Funding Strategy Statement was considered by the Pension Committee at their meeting on 27 July 2022. Officers will consult with employers on the Funding Strategy Statement ahead of the employer results meeting in the autumn. It is being shared with the Board for feedback on compliance with regulations.
- 4.4 The final Funding Strategy Statement must be published by 31 March 2023.

Katharine Eberhart  
**Director of Finance and Support Services**

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**Appendices**

Appendix A - Register of Policy Documents

Appendix B - Regulation extract relating to Annual Report

Appendix C - Exceptions to compliance with Preparing the Annual Report 2021/22

Appendix D – Draft Annual Report 2021/22

Appendix E – Draft Annual Report Summary 2021/22

Appendix F – Regulation extract relating to Funding Strategy Statement

Appendix G –Draft Funding Strategy Statement 2022

**Background papers**

None