

# **London Borough of Sutton Pension Fund**

**Pension Committee  
Governing Document**

(Approved by the Pension Committee on 5 July 2022)

# Sutton Pension Fund - Governance Document

**Governance Document of the Pensions Committee of the London Borough of Sutton Pension Scheme. Established in accordance with Section 5 of the Public Service Pensions Act 2013 and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).**

## Definitions

The following terms have the meanings as outlined below. Other terms used in this document shall have the same meaning as given to them in the Constitution of the London Borough of Sutton dated 01 April 2022 (as amended from time to time). The singular shall include the plural:

**'the Administering Authority'** means the London Borough of Sutton

**'the Act'** means The Public Service Pensions Act 2013.

**'CiPFA'** means the Chartered Institute of Public Finance and Accountancy

**'the Code'** means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.

**'the Pensions Committee'** or **'Committee'** means the committee who has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.

**'the Fund'** means the Fund managed and administered by the Administering Authority.

**'the Guidance'** means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.

**'LCIV'** means the London Collective Investment Vehicle.

**'LGPS'** means The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

**'DLUHC'** means Department for Levelling UP, Housing and Communities.

**'Pensions Board'** or **'Board'** means the Pensions Board for the administering authority for the London Borough of Sutton Pension Fund as required under the Public Service Pensions Act 2013.

**'the Regulations'** means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time).

**'Relevant legislation'** means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority and the Committee notwithstanding that the Codes of Practice are not legislation.

**'SAB'** means the local government pension Scheme Advisory Board for England and Wales, set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113.

**'the Scheme'** means the Local Government Pension Scheme in England and Wales, as defined under 'LGPS'.

**'Scheme Manager'** means London Borough of Sutton as Administering Authority of the Sutton Pension Fund.

### **Introduction**

This document sets out the terms of reference of the Local Government Pension Scheme Pensions Committee of the Sutton Pension Fund of the Administering Authority, a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pensions Committee is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).

The Committee is established by the Administering Authority and operates independently of the Pensions Board. Relevant information about the Committee's creation and operation are contained in this constitution.

The Committee is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the constitution, standing orders or scheme of delegation of the Administering Authority apply to the Committee unless expressly included in this document.

Except where approval has been granted under regulation 106(2) of the Regulations the Committee shall be constituted separately from any committee or sub-committee constituted under Section 101 of the Local Government Act 1972 with delegated authority to execute the function of the Administering Authority.

### **Establishment**

The Committee was established following the approval by London Borough of Sutton Full Council on.

### **Terms of Reference**

Subject to the Administering Authority's Scheme of Delegation to officers, to discharge the Administering Authority's functions in relation to the London Borough of Sutton's Local Government Pension Scheme

The Committee can delegate its day to day operational and tactical functions to officers and advisors between Committee meetings with clearance from the Chair (In particular those arrangements with regards to the LCIV).

The Committee is responsible for ensuring that the Fund is properly operated in accordance with all relevant regulations and best practice as advised by the Pensions Regulator, the LGPS, SAB, DLUHC and CiPFA, including both financial and administration matters. This will include, but is not limited to:

- a. benefits administration;
- b. resolving Internal Disputes;
- c. communications with members;
- d. communication and engagement with employers;
- e. monitoring Risks;
- f. record keeping;

- g. publishing of Scheme information as required;
- h. to review the draft annual statement of accounts for the Pensions Fund. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Committee. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts, and then to formally approve the audited Pension Fund Annual Report; and,
- i. approving the Administering Authority's Pension Fund Annual Report and Financial Statements and to consider the Administering Authority reports produced by the Strategic Director of Resources in accordance with the duty to make arrangements for the proper administration of the financial affairs of the Administering Authority's Pension Fund.
- j. participating in the London Collective Investment Vehicle in accordance with the requirements placed on administering authorities in relation to the pooling of LGPS assets made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- k. carrying out the duties set out in the Regulations, in relation to the actuarial valuations of the Fund and in relation to any other decisions about the amount the employers need to pay.
- l. The Committee will assess the covenant of Scheme employers, ensure that employer contributions are set accordingly and other relevant regulations are adhered to.

### **Duties of the Committee**

Members of the Committee are required to:

- a. always act within its Terms of Reference;
- b. abide by the Sutton Council Member Code of Conduct; and,
- c. comply with the Seven Principles of Public Life. The Seven Principles of Public Life are:
  - i. selflessness;
  - ii. integrity;
  - iii. objectivity;
  - iv. accountability;
  - v. openness;
  - vi. honesty; and
  - vii. leadership.

### **Core Functions**

The first core function of the Committee is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. To assist the Committee in performing this function it will conduct a wide range of tasks including, but not restricted to:

- a. produce regular compliance monitoring reports;

- b. review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code;
- c. approve the Scheme member and employer communications as required by the Regulations and relevant legislation;
- d. approve the application of the Internal Dispute Resolution Procedure;
- e. monitor the complete and proper exercise of Pensions Ombudsman cases;
- f. review the implementation of revised policies and procedures following changes to the Scheme;
- g. review the arrangements for the training of Committee members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme;
- h. review the outcome of audit reports;
- i. review the compliance of particular cases, projects or process on request of the Committee; and
- j. Effective scrutiny of the Funds investments
- k. any other area within the statement of purpose (i.e. assisting the Administering Authority) the Committee deems appropriate.

The second core function of the Committee is to ensure the effective and efficient governance and administration of the Scheme, by doing so the Committee will assist the Board in meeting its responsibilities. Within the extent of this core function the Committee shall be instructed by the Board in determining the areas to be considered including but not restricted to:

- a. review the development of improved customer services;
- b. monitor performance of administration, governance and investments against key performance targets and indicators;
- c. monitor audit reports;
- d. review the risk register as it relates to the Scheme Manager function of the authority;
- e. checking Fund governance;
- f. reviewing Fund risks and internal systems and control;
- g. checking Fund external advisors/service providers and their internal controls;
- h. monitor Fund member record keeping processes for quality, accuracy and content;
- i. checking Fund contributions;
- j. review the development of improved management, administration and governance structures and policies;
- k. review the outcome of actuarial reporting and valuations;

- l. review the development and monitoring of process improvements on request of the Board; and,
- m. any other area within the statement of purpose (i.e. ensuring effective and efficient governance of the Scheme) the Committee deems appropriate.

In support of its core functions the Committee may make:

- a request for information to the Board or Administering Authority with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing; and
- recommendations to the Board which should be considered and a response made to the Committee on the outcome within a reasonable period of time.

### **Appointment of a Chair and Vice-Chair**

A Chair and vice-chair of the Committee will be appointed by the Administration for a period of four years.

Both posts will be filled by councillors appointed by London Borough of Sutton.

A member serving on the Pensions Committee cannot serve on the Pensions Board.

### **Duties of Chair**

The Chair of the Committee:

- a. shall ensure the Committee delivers its purpose as set out in these Terms of Reference;
- b. shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered;
- c. shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published; and,
- d. shall agree with the Committee Services Officer acting as Clerk to the Committee an agenda prior to each Committee meeting.

### **Membership**

In accordance with those recommendations made by the CIPFA and the Myners Report, and notwithstanding resignations etc., the Committee will comprise the following voting members:

- Five elected members as employer representatives (plus two substitutes).
- Representatives from the following groups will be co-opted onto the Committee:
  - one scheme member representative from membership of Fund in the form of an active, deferred or pensioner scheme member participating in the LB Sutton Pension Fund;
  - one employer representative from an active participating employer in the Pension Fund.
  - Where more than one representative from either the scheme member or employers are nominated, an interview process will be undertaken by the S151 to select a candidate.

Operating as any committee, it does not need to be politically balanced.

### **Tenure**

In accordance with those recommendations made by the CIPFA and the Myners Report, and notwithstanding resignations etc., members of the Committee will serve for a period, to coincide with the administration's term of office, of a maximum of four years.

### **Quorum**

The quorum of the Committee is three members, including at least two voting members (as is required by Administering Authority Procedure Rule (Standing Order) x in relation to committees and sub-committees).

### **Voting**

Only democratically elected members of the Committee shall have full voting rights.

### **Frequency of meetings and notice and record requirements**

Meetings will be held quarterly, and will be open to the press and public.

Notice of the meeting will be sent to all members of the Administering Authority.

Members sit as Borough-wide representatives, and where necessary, declare any ward interest.

In the absence of the Chair, the Vice-chair will chair the meeting or the meeting shall be chaired by another councillor elected by the meeting.

At the Chair's discretion, speaking rights can be granted to members of the public (maximum of three minutes).

The Committee will be serviced by Committee Services. All reports (including appendices) must reach Committee Services not later than 5pm, 10 clear (working) days prior to the date of the scheduled meeting. The agenda shall be published at least 5 working days prior to the meeting and shall be available for public inspection in accordance with the requirements of the Access to Information Procedure Rules.

The Committee is responsible for ensuring that the Fund is properly operated in accordance with all relevant legislation and best practice as advised by the Pensions Regulator, as outlined under the 'Terms of Reference' a – I above.

The Committee will consider any reports produced by the Chief Finance Officer in accordance with the duty to make arrangements for the proper administration of the financial affairs of the Fund.

The following Administering Authority Procedure Rules (Standing Orders) will apply:

- Ordinary meetings;
- Extraordinary meetings;
- Appointment of substitute members;
- Date, Time and place of meetings;
- Notice of and summons to meetings;
- Chair of meeting;
- Quorum;
- Duration of meeting: Guillotine;
- Motions without notice;
- Rules of debate;
- Voting;
- Minutes;

- Record of attendance;
- Exclusion of public and press;
- Members' conduct; and,
- Disturbance by public.

### **Remuneration of Members**

Remuneration for Committee members will be limited to a refund of actual expenses incurred in attending Committee meetings. All Members shall be entitled to any allowance provided for in the Sutton Administering Authority Members Allowances Scheme in respect of the role.

### **Allowances/Expenses**

Allowances and expenses of Committee members will be in accordance with the Administering Authority's existing policy.

### **Standards of Conduct**

The Code of Conduct for Members and Co-optees in Sutton Administering Authority's Constitution shall apply in relation to the standards of conduct of the Pensions Committee and Pensions Board members as if they are Co-opted Members of Sutton Administering Authority's insofar as it can be reasonably considered to apply to the role of members of the Pensions Committee and Pensions Board and unless excluded elsewhere within the Terms of Reference.

As part of the good governance of the Scheme, the Committee will work with, receive and consider reports from the Board. The Board is not a decision-making body and it will be for the Committee to ensure that the appropriate actions are undertaken as required.

The Committee will ensure that the Fund works with the relevant employers as required and that a discretions policy is properly maintained and administered.

### **Conflicts of Interest**

Though members of the Pensions Committee and Pensions Board include representatives of specific categories of stakeholder (i.e. Scheme members and employers) each member is required to have due regard to the role of the Pensions Committee and Pensions Board as outlined in the Terms of Reference. Accordingly all members are expected to work jointly in the best interests of the Fund, putting aside any individual views of any stakeholders. This should not prevent members from sharing their knowledge on how matters might impact specific stakeholders of the Fund.

Each member of the Pensions Committee and Pensions Board (as well as any other attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of that Pensions Committee or Pensions Board.

The Chair of the Pensions Committee or Pensions Board must be satisfied that the Committee or Board is acting within:

- the conflicts of interest requirements of the Public Service Pensions Act and the LGPS Regulations, and
- in the spirit of any national guidance or code of practice in relation to conflicts of interest at the Pensions Committee or Pensions Board, and
- in accordance with any London Borough of Sutton Pension Fund Conflicts of Interest Policy or Procedures that apply to the Pensions Committee or Pension Board.



Each member of the Pensions Committee and Pensions Board, or a person proposed to be appointed to the Committee and Board, (as well as attendees participating in the meeting) must provide the Strategic Director of Resources with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest. The Strategic Director of Resources will adopt the role of ensuring that the Chair and Vice Chair of the Pensions Committee and Pensions Board does not have a conflict of interest. Further they must be satisfied that the Chair is carrying out his or her responsibilities under this part appropriately.

A conflict of interest is defined in the Public Service Pensions Act as: "in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions".

Members of the Committee should ensure that they have no conflict of interest in discharging their role. They must provide any information as required to the London Borough of Sutton to ensure that they are satisfied that no such conflict of interest exists. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Committee. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

Anyone with a conflict of interest may not be appointed to the Committee and may be required to resign if they are already a member of the Committee. Councillors who are members of the Pensions Board are excluded from serving on the Committee.

A register of conflict of interests may be kept in addition to the disclosure required and recorded under the Members Code of Conduct in the Administering Authority Constitution.

### **Hospitality and gifts**

Members of the Pensions Committee will abide by the terms of the Gifts and Hospitality Protocols for Councillors of the Administering Authorities Constitution, to the extent that it can be applied to the proceedings of the Pensions Committee without prejudicing the relationship with an adviser or service provider or the procedures required of the Fund to provide benefits to the members of the Fund.

### **Knowledge of Members and Training**

Members of the Committee are expected to be familiar with the rules of the Sutton Pension Fund and the relevant legislation including (but not limited to):

- a. the Local Government Acts 1972 & 2000 (as amended from time to time);
- b. the Pensions Act 2004 (as amended from time to time);
- c. the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time);
- d. the Public Service Pensions Act 2013 (as amended from time to time);
- e. the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time); and,
- f. the Pensions Regulator Code of Practice No 14 'Governance and administration of public service pension schemes' (as amended from time to time);
- g. the requirements placed on administering authorities in relation to the pooling of LGPS assets made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Training will be provided by officers of the London Borough of Sutton and may be in conjunction with other external bodies.

To this extent members from time to time would be expected to attend joint training sessions with the Royal Borough of Kingston Pension Fund as part of the shared service arrangements.

### **Termination of Committee Membership**

Each Committee member should endeavour to attend all Committee meetings during the year and is required to attend at least two meetings each year. In the event of consistent non-attendance by any Committee member, then the membership of that Committee member should be reviewed by the other Committee members with advice from officers.

Other than by ceasing to be eligible as set out above, a Committee member may only be removed from office during a term of appointment by the unanimous agreement of all the other Committee members present at the meeting.

A Committee member may choose not to continue in their role, and so shall notify the Committee accordingly following which the process for a replacement shall start.

### **Sutton Pensions Board**

The Committee will work closely with the Board to ensure the Scheme is administered efficiently and effectively and will share with the Board reports and documents to enable the Board to achieve its remit. The Committee will receive reports from each Board meeting and as the Board deems necessary. In turn the Committee will consider any reports the Board may produce in the course of their duties and respond accordingly within a reasonable period of time.

In support of this working relationship any member of the Committee may attend Board meetings and Board members may attend Committee meetings.

### **Undertaking**

Committee members will be required to sign a written undertaking that they understand the requirements of the role and commit to those requirements. This will include without limitation:

- disclosing all dual interests and responsibilities which have the potential to become conflicts of interest and providing the Scheme Manager with such information as and when the Scheme Manager requires to ensure that any member of the Pensions Committee or person to be appointed to the Pensions Committee does not have a conflict of interest;
- committing to attend meetings as required;
- committing to undertake and attend the necessary knowledge and understanding training;
- undertaking to abide by the Committee's terms of reference and wider constitutional documents;
- complying with the Administering Authority's code of conduct;
- complying with the Administering Authority's obligations and policies on data protection, information security and acceptable use;
- agreeing that they have read and understood a knowledge and policy document including a list of the core documents recording policy about the administration of the fund as set out by the Strategic Director of Resources on behalf of the Scheme Manager.]

### **Role of Officers**

The Committee will receive support from officers of Committee Services, who will facilitate the meetings. The Committee will be provided with specific pension fund information as necessary by officers involved in managing the Fund.

## **Administration, Papers, Communication and Obtaining Information**

The arrangements for Committee meetings will follow the standard procedures of meetings of London Borough of Sutton and its Section 101 committees.

### **Advisers and other services to the Committee**

Procurement of adviser and other services (by the Pensions Committee and Pensions Board) are excluded from the requirement to go through the commissioning procedure detailed in the Administering Authority's Procurement Guide i.e. they do not have to be approved through the Procurement Board and the Administering Authority's Contract Standing Orders as the Pensions Committee needs to award a contract in the best interest of the Fund and its members.

Members of the Pensions Board or Pensions Committee involved in the tendering process and dealing with contractors should be clear on the separation of client and contractor roles under the Fund. Members of the Pensions Board and Pensions Committee who have both a client and contractor responsibility must be aware of the need for accountability and openness. Members of the Pensions Board or Pensions Committee who have an interest as a contractor or client must exercise fairness and impartiality when dealing with all customers, suppliers and other contractors and sub-contractors. Confidential information on tenders or costs for internal or external contractors should not be disclosed to any unauthorised party or organisation.

The Pensions Committee will follow the outline of the process detailed in the Administering Authority's Procurement Guide (where the required service is available on the open market) acknowledging at all times that the Pensions Committee and Pensions Board have a duty to achieve best value in making such appointments and following The Committee will primarily be supported in its role and responsibilities by officers of the Administering Authority. Subject to any applicable regulation and legislation from time to time in force and to their use and any fees being agreed by the Strategic Director of Resources on behalf of the Scheme Manager in advance, the Committee may consult with other advisors to help it better perform its duties including:

- the Fund's Actuary;
- the Fund's Administrator;
- the Fund's Investment Adviser(s);
- the Scheme Manager
- other advisers, as approved by the Scheme Manager.

Subject to the Administering Authority's Scheme of Delegation to officers, to discharge the Administering Authority's functions in relation to the London Borough of Sutton's Local Government Pension Scheme including, the management of the Fund investments, this includes but is not limited to:

- Strategic Director of Resources S151:
  - investment strategy;
  - funding management;
  - financial management;
- Head of Pensions Investments:
  - budgeting;
  - expenditure;
  - funding strategy;
  - accounts preparation;
  - investment strategy;
  - tactical investment decision making;
  - investment manager management;
  - investment policies and procedures;
  - investment resource management.
- Head of Pensions Administration:
  - budgeting;
  - expenditure;

- o funding strategy;
- o employer management
- o contribution and benefits management;
- o administration policies and procedures;
- o administration resource management.

### **Reporting Breaches**

Committee members are also subject to the requirements to report breaches of law under the Act and the Code and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy.

### **Publication of Pensions Committee information**

In accordance with the Act the Administering Authority shall publish information about the Committee to include:

- a. the names of Committee members and their contact details;
- b. the representation of employers and members on the Committee;
- c. the role of the Committee; and,
- d. the Terms of Reference.

The Administering Authority shall also publish other information about the Committee including:

- a. agendas and minutes;
- b. training and attendance logs; and,
- c. an annual report on the work of the Committee.

Information may be excluded from publication on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 2018, General Data Protection Regulations.

### **Investments**

The Committee will determine the overall investment strategy in accordance with the Regulations, ensuring that the Fund is invested in suitable types of investments and is sufficiently diversified having regard to its investment objectives. These include:

- a. determining the Investment Strategy Statement;
- b. ensuring adequate monitoring and compliance with the overall investment strategy and the Investment Strategy Statement;
- c. appointing investment managers and any external service providers and advisors felt to be necessary; and,
- d. maintaining effective arrangements for reviewing on a regular basis investment manager performance against established benchmarks and being satisfied as to manager expertise and the quality of their internal systems.
- e. Responsible for ensuring compliance to the pooling requirements - in the case of the Sutton Pension Fund this will be through the LCIV. The requirement to maintain effective arrangements for reviewing on a regular basis LCIV performance against established benchmarks and being satisfied as to LCIV's expertise and the quality of their internal systems.

### **Data Protection**

The Committee will comply with London Borough of Sutton's data protection policies and the Data Protection Act 2018, General Data Protection Regulations.

**Governance**

As part of the good governance of the Scheme, the Committee will work with and send reports to the Board. The Board is not a decision-making body and it will be for the Committee to ensure that the appropriate actions are undertaken as required.

The Committee will ensure that the Fund works with the relevant admitted bodies as required and that a discretions policy is properly maintained and administered.

**Communications**

The Committee will regularly review whether there are areas where additional or improved information for the purpose of education and communication, would be beneficial to Fund members and/or other stakeholders.