



# Committee report

Committee	<b>ISLE OF WIGHT PENSION FUND COMMITTEE</b>
Date	<b>24 NOVEMBER 2021</b>
Title	<b>DECISION MAKING MATRIX</b>
Report of	<b>TECHNICAL FINANCE MANAGER</b>

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## EXECUTIVE SUMMARY

1. The Scheme Advisory Board for the Local Government Pension Scheme in England and Wales has recently proposed that the outcomes of the Good Governance Project be adopted into regulation by the Department for Levelling Up, Housing and Communities.
2. While regulations have not yet been finalised, the pension fund is working towards compliance with the recommendations of the good governance project – one of which was the adoption of a decision-making matrix, setting out the who is responsible for making decisions within the fund.
3. The committee is asked to adopt the decision matrix presented as appendix 1 to this report and agree that all future decisions will be made in accordance with the structure contained therein.

## BACKGROUND

4. In 2019, the Scheme Advisory Board (SAB) for the Local Government Pension Scheme (LGPS) in England and Wales commissioned the Good Governance Project to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing models which can strengthen LGPS governance going forward.
5. The Phase III report was published in February 2021 and contained a number of recommendations to enhance the governance of the LGPS. The action plan included items to be recommended to the Department for Levelling Up, Housing and Communities (DLUHC) for implementation, either through scheme regulations or statutory guidance; items to be implemented by the SAB and other bodies; and actions that the SAB could take to identify and promote best practice.
6. One of the recommendations from the Phase III report was that “*Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority’s scheme of delegation and constitution and be consistent with role descriptions and business processes*”.

7. The fund received a presentation from its governance advisers, Hymans Robertson LLP, on 7 September 2021, setting out the key stakeholders in the governance of an LGPS fund, their respective roles and responsibilities, and their function in each of the key decision areas for the fund.
8. Figure 1 below summarised the key stakeholders and their overall function in terms of the governance of the fund.

**Figure 1.**



9. The presentation summarised the key responsibilities as follows:
  - (a) Isle of Wight Council
    - Agreeing the basis of how the Council is governed.
    - Setting terms of reference for Committee and Board.
    - Agreeing scheme of delegation, while retaining responsibility for delegated decisions.
  - (b) Pension Fund Committee
    - All major decisions relating to the fund (investments and administration).
    - Delegations to senior officers and others.
  - (c) Officers
    - Day to day running of the fund (investments and administration).
    - Supporting committee and board.
    - Making recommendations for approval by the committee.
    - Setting and maintaining appropriate financial controls.
  - (d) Pension Board
    - Assisting the Committee and officers in ensuring compliance.
    - Scrutiny, review and recommendation.
  - (e) Advisers
    - Provision of profession advice and support to committee, board, senior officers, and fund staff.

10. The decision matrix attached at Appendix 1 sets out the proposed involvement of each of the main parties in each of the key areas of:
- (a) Fund mission, objectives, and beliefs.
  - (b) Governance functions.
  - (c) Fund delivery.
  - (d) LGPS investment.
  - (e) Monitoring and oversight.
11. It describes each party's involvement in the decision-making process in one of the following capacities:

Approve	Final approval to a decision, usually following formal recommendation
Recommend	Recommendation of formal decision, having sought necessary advice and input from others
Advise	Provision of professional advice
Oversight	Overview of decisions or recommendations
Specific Input	Provision of specific input or expertise in relation to recommendations or decisions to be taken
Agree	Agree decisions
Notified	Notified of decisions as part of overall responsibilities, where the decisions may be of interest
N/A	Specific group or individual is not impacted by the recommendations or decisions taken

## STRATEGIC CONTEXT

12. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
13. The fund has also agreed the following governance objectives, which are supported by the adoption of a decision-making matrix:
- 1. Ensure compliance with the LGPS Regulations, other relevant legislation, and the Pensions Regulator's Codes of Practice.
  - 2. Ensure Fund is managed, and its services provided, by people with the appropriate knowledge and understanding
  - 3. Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust, and evidence based.
14. Adopting the decision-making matrix contributes to the core values contained in the council's [Corporate Plan 2021-2025](#):

### **3. Being effective and efficient**

This means being the best that we can be in how we organise and deliver our services, using all our limited resources wisely and carefully, getting on with things where we can.

### **4. Being fair and transparent**

This means making decisions based on data and evidence and in an open and accountable way.

## CONSULTATION

15. Members of the committee and pension board, as well as fund staff and senior officers, were invited to attend the development session on 7 September 2021, and were able to engage with the presentation.
16. Subsequently the decision matrix was circulated to all committee and board members, as well as senior officers and fund staff, for their comment. No responses were received.

## FINANCIAL / BUDGET IMPLICATIONS

17. There are no financial implications in relation to the adoption of this decision matrix.

## LEGAL IMPLICATIONS

18. The Public Service Pensions Act 2013 gave greater responsibilities to the Pensions Regulator for the oversight of public service pension schemes, including the Local Government Pension Scheme.
19. The Pensions Regulator's code of practice no 14, governance and administration of public service pension schemes, sets out the legal requirements for public service pension schemes in respect of the governance of those schemes.
20. The Scheme Advisory Board has made recommendations to the Department for Levelling Up, Housing and Communities for amendments to the Local Government Pension Scheme regulations, which the Isle of Wight Council, as administering authority for the Isle of Wight Council Pension Fund, must comply with.
21. This decision-making matrix is being proposed for adoption in advance of the regulations being updated but will ensure that the council and the fund are in compliance with the new regulations once issued.

## EQUALITY AND DIVERSITY

22. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
23. Adoption of the decision-making matrix has no impact on any of the protected characteristics.

## OPTIONS

24. Option 1: the committee adopts the decision-making matrix as presented at appendix 1, and agrees that all future decisions in respect of the fund are considered in line with the responsibilities contained therein.
25. Option 2: the committee agrees changes to the responsibilities set out in the decision-making matrix at appendix 1 to this report and agrees that all future decisions in respect of the fund are considered in line with the amended responsibilities contained therein.
26. Option 3: the committee does not approve the decision-making matrix.

## RISK MANAGEMENT

27. The Isle of Wight Council Pension Fund is responsible for investment assets of over £700 million, which are invested for the benefit of over 16,000 members from Isle of Wight Council and 30 other employers on the Isle of Wight.
28. The decisions the committee makes in the governance and administration of the pension fund must be open and transparent, based on professional advice and supported by evidenced recommendations.
29. Adoption of a decision-making matrix ensures that all stakeholders of the fund understand the roles and responsibilities of those charged with the governance of the fund and helps to ensure that decisions are made in a robust manner.
30. Adoption of the decision-making matrix will further ensure that the fund remains compliant with LGPS regulations, when they come into force, and helps to ensure continued improvements to the governance framework of the fund.
31. Not adopting a decision-making matrix could result in uncertainty as to the relevant roles and responsibilities of all parties, and lead to additional work in trying to resolve conflict in decision making. If the decision-making process is not documented, or decisions are taken without reference to the process, it increases the risk of challenge to those decisions.

## RECOMMENDATION

32. That the decision-making matrix as presented at appendix 1 be adopted.
33. That all future decisions in respect of the fund be considered in line with the responsibilities contained therein.

## APPENDICES ATTACHED

34. Appendix 1 – Isle of Wight Council Pension Fund decision-making matrix.

## BACKGROUND PAPERS

35. Local Government Pension Scheme Advisory Board - Good Governance Project.  
<https://www.lgpsboard.org/index.php/projects/good-governance>

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