

Isle of Wight Council Pension Fund

Governance Policy

2025

1 Document Information

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Author:	Louisa Richards Pension Governance Compliance Officer Pensions@iow.gov.uk
Sponsor:	Chris Ward Director of Finance Chris.ward@portsmouthcc.gov.uk 02392 834423
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3 Introduction

In accordance with section 4 of the Public Service Pensions Act 2013, the Isle of Wight Council is appointed the administering authority and Scheme Manager for the Isle of Wight Council Pension Fund, part of the Local Government Pension Scheme ("LGPS"). Under The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (SI 2000 No 2853), statutory decisions taken under schemes made under sections 7, 12 or 24 of the Superannuation Act 1972, are not the responsibility of the executive arrangements introduced by the Local Government Act 2000. This means, that the executive cannot make decisions in relation to discretions to be exercised under the LGPS or make decisions relating to the investment of the pension fund and related matters.

In addition to the above, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("2016 Regulations") ring-fence pension fund money from other assets of local authorities under Regulation 4. This applies to benefit payments, which must be paid from the pension fund (Regulation 4(4)), but also to all income and capital gains arising in respect of investments held by the fund (Regulation 4(1) (c) and (d)).

Under section 101 of the Local Government Act 1972, a local authority can delegate their pension investment functions to the Council, committees, sub-committees or officers. As such, matters relating to the Isle of Wight Council's responsibilities as the Scheme Manager for the Isle of Wight Council Pension Fund, are delegated by the Isle of Wight Council to the Isle of Wight Council Pension Fund Committee and to officers.

Regulation 55 of the Local Government Pension Scheme Regulations 2013 (the LGPS Regulations) requires each administering authority to prepare, publish and maintain a Governance Policy and Compliance Statement, setting out whether the administering authority delegates its functions or part of its functions under the LGPS Regulations to a committee, a sub-committee or an officer of the authority, and if so:

- a. the terms, structure and operational procedures of the delegation;
- b. the frequency of any committee or sub-committee meetings;
- c. whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
- d. the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.
- e. details of the terms, structure and operational procedures relating to the local pension board.

Each administering authority is required to:

- keep the statement under review;

- make such revisions as are appropriate following a material change in respect of any of the matters mentioned in points a. to e. above; and
- if revisions are made, publish the statement as revised.

In reviewing and revising the statement, the authority must consult such persons as it considers appropriate.

This document is the Governance Policy and Compliance Statement for the Isle of Wight Pension Fund that has been prepared to meet the requirements of the LPGS Regulations. The Governance Compliance Statement is included as Appendix 1.

4 Aims and Objectives

In relation to the governance of the Fund we aim to:

- Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice as well as other best practice guidelines that are deemed applicable.
- Ensure the Fund is managed, and its services provided, by people with the appropriate knowledge and understanding.
- Communicate in a friendly, expert and direct way to our stakeholders, treating each equally according to their needs.
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust, and evidence based.
- Understand and monitor risk and compliance.
- Continually measure and monitor success against objectives.

5 Policy Statement

5.1 About the Isle of Wight Council Pension Fund

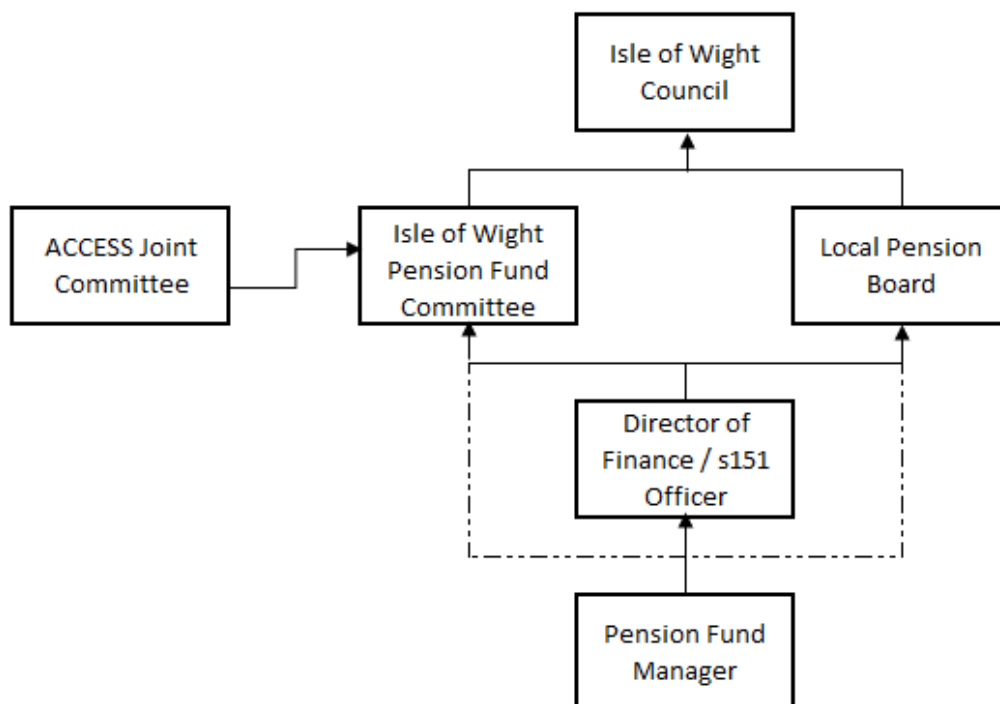
Under the Local Government Pension Scheme Regulations 2013 (the regulations), Isle of Wight Council (the council) is required to maintain a pension fund for its employees and those of other scheme employers within its area.

The Isle of Wight Council Pension Fund governance structure is illustrated below. This structure relates to the administering authority responsibilities only. The Isle of Wight Council is also an employer within the fund. A separate governance structure and scheme of delegation is in place in relation to the council's employer responsibilities.

Full details of the delegations from the Isle of Wight Council as Administering Authority are included within the council's constitution:

<https://iow.moderngov.co.uk/ieListDocuments.aspx?CId=219&MId=1729&Ver=4&Info=1>

The governance structure for the fund is summarised below:



5.2 Role of the Pension Fund Committee

The Isle of Wight Council is the Administering Authority of the Isle of Wight Council Pension Fund under the Local Government Pension Scheme (LGPS) Regulations and ss.7, 12 and 24 of the Superannuation Act 1972.

The Isle of Wight Pension Fund Committee carries out the council's statutory functions as Scheme Manager of the Isle of Wight Council Pension Fund under the above regulations. This includes responsibility for setting the strategic direction of the Isle of Wight Pension Fund, its implementation and its delivery, including:

- a) Maintaining appropriate accounting records:
 - i) collecting and accounting for employer/employee contributions and transfer values.
 - ii) paying and accounting for pension benefits and transfer values.
 - iii) investing monies not required for payment benefits, transfers and administration costs.
 - iv) monitoring budgets for the fund ensuring there is adequate budgetary control.
- b) Maintaining member records:
 - i) setting up, administering and managing individual member records.
 - ii) regularly evaluating the completeness and accuracy of these records.
- c) Managing the fund valuation process:
 - i) reviewing and acting on actuarial valuations.

- ii) ensuring cash is available to meet the fund's future liabilities.
- d) Managing the investment strategy of the fund:
 - i) agreeing asset allocation strategies following asset liability modelling and a policy for investment in different assets with the investment managers.
 - ii) agreeing a rebalancing strategy between different portfolios (where appropriate) when asset allocations change due to different market movements of different sectors.
 - iii) regularly reviewing investment managers' performance and expertise against agreed benchmarks and determining any action required.
 - iv) ensuring that the fund investments are sufficiently diversified and that the fund is investing in suitable investments.
 - v) ensuring all investment activity complies with the requirements of current regulations and best practice.
- e) Preparing and maintaining the statutory statements, including:
 - i) investment strategy statement.
 - ii) funding strategy statement.
 - iii) communications policy.
 - iv) governance policy.
- f) Managing communications with employers, members and pensioners:
 - i) ensuring communications are accurate, clear and accessible.
 - ii) ensuring employers understand the information they are required to provide.
 - iii) providing accurate and timely information to members to inform options for retirement planning.
 - iv) providing annual benefit statements within the statutory timetable.
 - v) providing assistance to employers on the pension implications of outsourcing services and on dealing with bulk transfers of pension rights.
- g) Monitoring and managing all aspects of the fund's performance:
 - i) appointing and regularly monitoring the performance of investment managers, a fund actuary, custodian and professional advisors.
 - ii) appointing an additional voluntary contribution provider.
 - iii) agreeing and monitoring key performance indicators for all areas of fund administration, management and governance.
- h) Establishing and operating internal controls to administer and manage the scheme in accordance with the scheme rules, the law and the Pensions Regulator's Code of Practice.
- i) Exercising all discretionary functions as Scheme Manager for the local government pension scheme.
- j) Additional functions include:
 - i) providing the Pensions Regulator with an annual return of the fund's registerable information and keeping that information up to date

- ii) establishing and operating adequate internal controls to allow risks to be identified, evaluated and managed
 - iii) ensuring that Pension Board members do not have a conflict of interest
 - iv) operating arrangements which comply with legal requirements resolving internal disputes with members and others
 - v) establishing adequate procedures that enable breaches to be considered and reported
- k) Arranging the necessary training for members of both the Pension Fund Committee and the Local Pension Board to acquire and maintain the appropriate level of expertise, knowledge and skills as set out in the CIPFA Pensions Finance Knowledge and Skills Framework, including:
- i) pensions legislative and governance framework
 - ii) pensions accounting and auditing standards
 - iii) financial services procurement and relationship management
 - iv) investment performance and risk management
 - v) financial markets and product knowledge
 - vi) actuarial methods, standards and practices
- l) Developing, in conjunction with the Isle of Wight Pension Board, a work programme for both Pension Fund Committee and the Pension Board, to ensure the appropriate standards of governance and administration of the scheme are maintained
- m) Publishing information about the Pension Board, including:
- i) who the Board members are, their employment and job title, who they represent and their specific roles and responsibilities
 - ii) the Board appointment process
 - iii) the Board's terms of reference
 - iv) Board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 2018)

The committee is required to meet formally four times a year, but additional formal meetings may be arranged if required with the approval of the chairman. As well as these formal meetings, informal meetings may be held for training and development purposes.

The committee consists of:

- seven elected members, on a politically proportionate basis, with voting rights.
- one representative of the other scheme employers, nominated by those other employers, in an observer capacity.
- one representative of the scheme members, nominated by UNISON, in an observer capacity.

The committee is constituted to reflect the views of the council as administering authority and the largest employer within the fund with c. 85% of the contributing membership.

Quorum is set at three voting members. Substitute members are allowed, as nominated by the leader of the original members' political grouping.

The terms of reference for the pension fund committee can be found at section 6 of Part 3 of the council's constitution:

<https://iow.moderngov.co.uk/ieListDocuments.aspx?CId=219&MId=1729&Ver=4&Info=1>

5.3 Role of Officers

Officers of the council have certain statutory and formal responsibilities. Executive powers are delegated to the officers where appropriate under the council's scheme of delegations, included within the council's constitution, which sets the parameters within which the officers can implement committee decisions and operate the day-to-day business of the Isle of Wight Pension Fund.

5.4 Role of Local Pension Board

Following changes made to the LGPS Governance Regulations by the Public Service Pensions Act 2013, a local pension board was established by the administering authority and operates independently of the pension fund committee.

The board 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 council's constitution, standing orders or scheme of delegation apply to the board unless expressly provided.

The board is accountable to the scheme manager and the Pensions Regulator.

The role of the board is to:

- a) Assist, advise and hold to account the Isle of Wight Council as administering authority and the Pension Fund Committee 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 of the Pensions Regulator.
 - iii) to secure the effective and efficient governance and administration of the LGPS for the Isle of Wight Pension Fund.
 - iv) in any other matters specified in the LGPS regulations.
- b) Ensure that the LGPS is managed and administered effectively and efficiently, and the administering authority complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- c) Regularly review the performances of its appointed advisers.

The activity of the Board can also include:

- a) reviewing the Fund's governance and policy documents, for adoption by pension committee.
- b) reviewing compliance with the Fund's governance and policy documents.
- c) reviewing the administrative programme of the Fund as part of the Fund's annual report.

- d) reviewing ACCESS pooling as part of the Fund's annual report.
- e) reviewing the ongoing arrangements for the training of Board members.
- f) reviewing the Fund's Risk Register, for approval by pension committee.
- g) reviewing audit and assurance reports.
- h) reviewing the Fund's website and other communication methods.

The board is constituted with an equal number of employer and scheme member representatives, with a minimum total membership of four and a maximum of eight, plus an independent chairman.

Current membership of the board is detailed below:

Members	Members Breakdown	How appointed or nominated
3 Employer representatives	1 Councillor of Isle of Wight Council	Appointed (not a member of the Pension Fund Committee).
	1 Senior officer from Isle of Wight Council	Nominated by Isle of Wight Council Corporate Management Team.
	1 representative of external employers	Nominated by external employers. Appointment confirmed by the administering authority.
3 Scheme member representatives	1 trade union representative	Nominated by recognised trades unions. Appointment confirmed by the administering authority.
	2 other scheme member representatives	Expressions of interest sought from all active, deferred and pensioner members. Appointment confirmed by the administering authority.
Independent chairman (non-voting)	Not a member of the Isle of Wight Pension Fund, not employed by Isle of Wight Council.	External advertisement. Appointment confirmed by the administering authority.

The Chairman, each employer representative and each scheme member representative so appointed shall serve initially for a fixed four-year period from the date their appointment takes effect, which may be extended by decision of the Administering Authority for further four year terms, subject to remaining eligible, re-nomination and re-selection.

There will be at least four Board meetings a year. Other meetings may be convened by the chairman with due notice as the Board determines.

The Board has a quorum of three, requiring at least one employer representative and at least one scheme member representative to be present.

No substitute members are allowed.

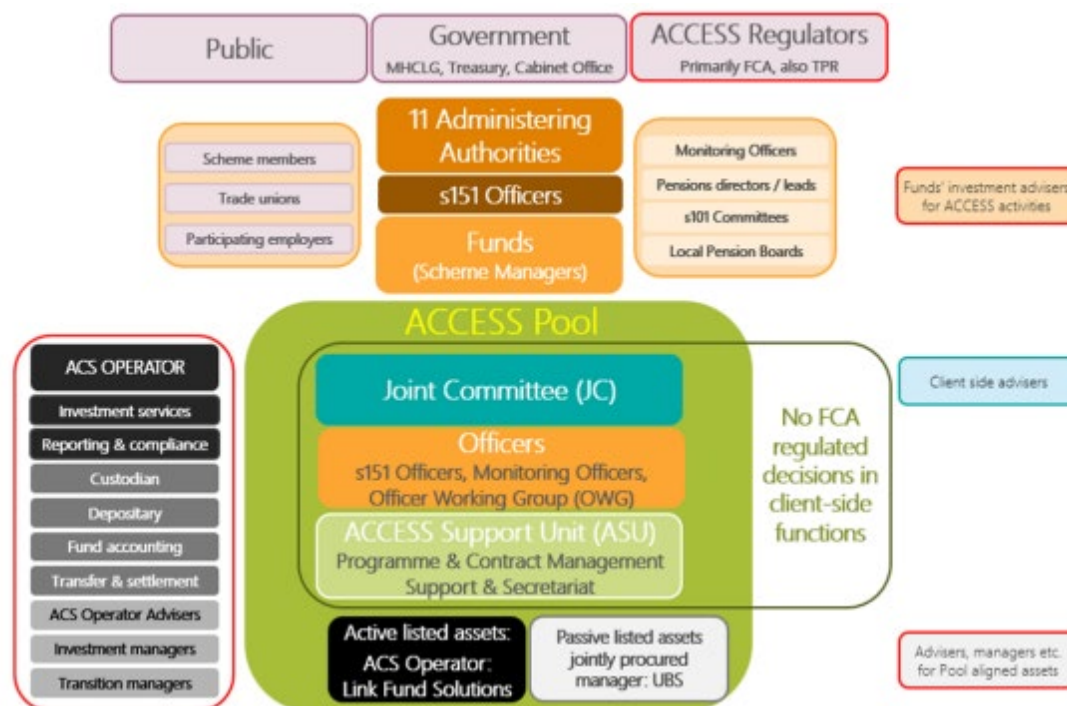
The terms of reference for the local pension board can be found at section 6 of Part 3 of the council's constitution:

6 Investment Pooling

The fund is one of 11 LGPS funds participating in the ACCESS (A collaboration of central, eastern and southern shires) pool:

- Cambridgeshire County Council
- East Sussex County Council
- Essex County Council
- Hampshire County Council
- Hertfordshire County Council
- Isle of Wight County Council
- Kent County Council
- Norfolk County Council
- Suffolk County Council
- West Northamptonshire Council
- West Sussex County Council

The ACCESS pool governance structure is illustrated below:



The Joint Committee within the ACCESS pool is made up of the pension fund committee chair's of the 11 participating LGPS funds, or their nominated representatives. The Joint Committee has been appointed by the 11 Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The Joint Committee's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool-aligned asset providers (for passive asset management), to the Administering Authorities. The Joint Committee also reviews ongoing performance.

The Section 151 Officers of the ACCESS funds provide advice to the Joint Committee to ensure appropriate resourcing and support is available to implement the Committee's decisions and to run the ACCESS Pool.

The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU). The Officer Working Group consists of officers identified by each of the ACCESS funds whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management, administration, and technical support services. There are five full time ASU roles, hosted by Essex County Council. These roles are supplemented with additional technical support from Officers within the ACCESS Authorities

Each participating authority has signed the inter authority agreement (IAA) which determines the governance and operation of the pool.

The ACCESS pool has established the following strategic objectives:

- To enable participating authorities to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.
- To provide a range of asset types necessary to enable authorities to execute their locally determined investment strategies as far as possible.
- To enable participating authorities to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

In order to achieve these objectives, the participating authorities have established a set of governing principles, summarised below:

- The participating authorities will work collaboratively.
- Participating authorities will have an equitable voice in governance.
- Decision making will be objective, and evidence based.
- The pool will use professional resources as appropriate.
- The risk management processes will be appropriate to the pool's scale, recognising it as one of the biggest pools of pension assets in the UK.
- The pool will avoid unnecessary complexity.
- The pool will evolve its approach to meet changing needs and objectives.
- The pool will welcome innovation.
- The pool will be established and run economically, applying value for money considerations.
- The pool's costs will be shared equitably.
- The pool is committed to collaboration with other pools where there is potential to maximise benefits.

Implicit within the above principles is the democratic accountability and fiduciary duty of LGPS authorities.

7 Review

This policy statement will be reviewed every three years, and will be revised and re-published following any material change in the above arrangements.

8 Useful links

Local Government Pension Scheme Regulations 2013
<https://www.lgpsregs.org/schemeregs/lgpsregs2013.php>

The Pensions Regulator's Code of Practice No. 14 Governance and administration of public service pension schemes

<http://www.thepensionsregulator.gov.uk/public-service-schemes/code-of-practice.aspx>

The Pensions Regulator's draft new code of practice

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/full-draft-new-code-of-practice.ashx>

