



**Isle of Wight Council Pension Fund
Decision Making Matrix
November 2021**

1. Document Information

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2. Contents

1.	Document Information.....	2
2.	Contents	3
3.	Introduction.....	4
4.	Background	4
5.	Stakeholders and their role in decision making	5
6.	Decision making framework.....	6
	APPENDIX: Decision making matrix.....	7

3. Introduction

- 3.1. Isle of Wight Council is the administering authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the Isle of Wight Council Pension Fund (the fund). The LGPS is governed by statutory regulations.
- 3.2. 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.
- 3.3. 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.

4. Background

- 4.1. 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.
- 4.2. 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.
- 4.3. 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*”.

5. Stakeholders and their role in decision making

5.1. Figure 1 below summarised the key stakeholders and their overall function in terms of the governance of the fund.

Figure 1.

Putting the jigsaw together



5.2. The key responsibilities are summarised as follows:

5.2.1. 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.

5.2.2. Pension Fund Committee

- All major decisions relating to the fund (investments and administration).
- Delegations to senior officers and others.

5.2.3. 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.

5.2.4. Pension Board

- Assisting the Committee and officers in ensuring compliance.
- Scrutiny, review and recommendation.

5.2.5. Advisers

- Provision of professional advice and support to committee, board, senior officers, and fund staff

6. Decision making framework

6.1. The decision making matrix presented at appendix 1 sets out the proposed involvement of each of the key stakeholders in each of the following areas:

- Fund mission, objectives, and beliefs.
- Governance functions.
- Fund delivery.
- LGPS investment.
- Monitoring and oversight

6.2. 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

APPENDIX: Decision Making Matrix

Incorporating "Good Governance" recommendations

Area	Task	Pension Committee	Pension Board	Investment Pool	S151 Officer	Senior LGPS Officer	Fund Officers	Advisors
Fund mission, objectives and beliefs	Develop Fund Mission Statement	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Agree Fund Mission Statement	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Develop structure of the pension function	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Sign off structure	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Develop Fund policy on representation	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Recommend to Full Council representation policy	Recommend	Notified	N/A	Agree	Agree	Notified	Notified
	Develop Fund objectives for Governance, Funding, Investment and Delivery	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Agree Fund objectives for Governance, Funding, Investment and Delivery	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Agree Fund investment beliefs	Approve	Notified	N/A	Notified	Recommend	Specific Input	Advise
Governance functions	Develop and oversee risk management framework	Approve	Oversight	Specific Input	Agree	Recommend	Specific Input	Advise
	Monitor and oversee the Valuation process	Oversight	Notified	N/A	Oversight	Specific Input	Specific Input	Advise
	Review of Fund covenant arrangements	Oversight	Notified	N/A	Notified	Specific Input	Specific Input	Advise
	Agree assumptions to be used in valuation exercise	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Agree Funding Strategy Statement	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Sign off contribution rates	Oversight	Notified	N/A	Notified	Agree	Notified	Approve
	Sign off valuation results	Approve	Notified	N/A	Oversight	Agree	Notified	Recommend
	Approve adequate systems of internal controls	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Advise
	Produce governance compliance statement	Approve	Oversight	N/A	Specific Input	Recommend	Specific Input	Advise
	Develop business plan (inc. budget)	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Agree and sign off business plan	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Notified
	Agree and sign off conflicts of interest policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off administration strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree Administration Authority discretionary policies	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off communications policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off Training Strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree cyber security policy and associated documents (i.e incident response plan)	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree recommendations from Independent Governance Review	Approve	Notified	N/A	Notified	Notified	Notified	Recommend
	Report breaches of the law	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input
Fund Delivery	Completion of Year-end exercise/monthly data process	Notified	Notified	N/A	Notified	Oversight	Specific Input	N/A
	Annual benefit statement process	Notified	Oversight	N/A	Notified	Oversight	Specific Input	N/A
	Issue annual allowance pension savings statements	Notified	Notified	N/A	Notified	Oversight	Specific Input	Advise
	Develop appropriate key performance indicators (KPIs) - Governance compliance statement	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Sign off KPIs	Approve	Notified	N/A	Notified	Recommend	Notified	N/A
	Manage administrator performance against KPIs (inc. outsourced)	Oversight	Specific Input	N/A	Notified	Specific Input	Specific Input	N/A
	Agree business continuity plans	Approve	Specific Input	N/A	Specific Input	Recommend	Specific Input	N/A
	Compile and publish Fund Annual report	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	Specific Input
	Recommend approval of fund accounts to relevant committee	Recommend	Notified	N/A	Oversight	Agree	Specific Input	N/A
	Agree anti-pension scam (anti-fraud) policy	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	N/A
Agree data improvement plan	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise	
LGPS Investment	Agree asset allocation	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree allocations to new asset classes	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree Investment strategy statement (including RI)	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Recommend LGPS Investment pool for Fund to full council	Recommend	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise
Monitoring and Oversight	Monitor the Fund's Investment performance	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Monitor fund managers ESG and sustainability policies	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Cashflow management	Oversight	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise

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