

PENSION FUND COMMITTEE – 1 MARCH 2024

REVIEW OF THE SCHEME OF DELEGATION

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to agree the revised Scheme of Delegation contained as Annex 1 to this report, noting the key changes set out in the report below.**

Introduction

2. A key element of good governance for the Pension Fund is for this Committee to keep under review all the key policies and procedures of the Fund. The annual reviews had slipped following the disruption to the normal Committee cycle during the Covid pandemic, but the Committee agreed a revised cycle of reviews at its meeting in September 2023.
3. This report is the first of the renewed cycle of annual reviews for the Fund's Scheme of Delegation. This was last reviewed in June 2021.

Key Changes since last Review.

4. Two substantial amendments are proposed within the latest Scheme of Delegation. The opportunity has also been taken to make a number of minor adjustments to job titles, including the change from Director Finance to Executive Director of Resources & Section 151 Officer, and from Independent Financial Adviser to Independent Investment Adviser.
5. The first of the substantial changes is to include within the Scheme, the delegation to the Executive Director of Resources & Section 151 Officer the authority to open new bank accounts and investment accounts as appropriate, and to borrow money when appropriate and in line with the Regulatory provisions. These changes are included in paragraphs 11 and 15 of the revised Scheme of Delegation attached as Annex 1 and replace the need for the Committee to agree the equivalent delegations on an annual basis as part of the annual approval of the Treasury Management Strategy for the Pension Fund.
6. The second substantial change is within the Scheme of Financial Delegations and relates to the payments made from the Pension Fund in respect of taxation due, lump sum payments made to scheme members on retirement, and transfer

payments made to other Pension Funds where a scheme member moves to a new employment. Whilst these payments can be significant, the Pension Fund has no discretion in making the payment and the authority is provided in the relevant regulations. A recent review of our policies and procedures has identified that the requirement to obtain high level authorisation for these payments is causing additional delay in the process and impacting on the capacity of Team Leaders and above in managing the service as a whole.

7. It is noted that all such payments are made following an agreed process which is set out in checklists which staff are required to follow, and for which a second officer independently checks. These checklists seek to ensure all payments are calculated in accordance with the relevant regulations and that all the required supporting paperwork has been received. Team Leaders oversee that the process, including the appropriate level of checks has been completed. The whole arrangement is also independently checked as part of the annual internal audit of the service. As such it is proposed to remove the requirement for additional authorisation from the Scheme of Delegation, which noting the technical verification all payments are subject to.

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