

**MINUTES** of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.00 am on 17 January 2019 at Members' Conference Room, County Hall, Penrhyn Road, Kingston upon Thames, Surrey, KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 25 April 2019.

(\* present)

**Elected Members:**

- \* Paul Bundy  
Mr Graham Ellwood  
Ellwood Graham (Vice-Chairman)
- \* Nick Harrison (Chairman)  
Tina Matravers
- \* Paresh Rajani  
David Stewart  
Claire Williams-Morris
- \* Trevor Willington

**1/19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

Apologies were received from David Stewart, Tina Hood and Graham Ellwood. Notice was given that Claire Williams-Morris had resigned and there would be recruitment for her replacement.

**2/19 MINUTES FROM THE PREVIOUS MEETING: 23 OCTOBER 2018 [Item 2]**

The minutes were agreed as an accurate record of the meeting.

**3/19 ACTIONS AND RECOMMENDATIONS TRACKER [Item 3]**

**Declarations of interest:**

None.

**Witnesses:**

Neil Mason, Head of Pensions  
Ayaz Malik, Pension Accountant Advisor

**Key Points raised during the discussion:**

1. The Chairman requested that all 'completed' items be removed from the tracker except item 36/18 which was not complete.
2. The Head of Pensions reported that the Cipfa benchmarking data should be available for the next meeting.
3. The Chairman requested that the Pension Accountant Advisor organise another workshop to discuss and improve the set of Key Performance Indicators

**Actions/further information to be provided:**

- a) That all 'completed' items be removed from the tracker.

- b) That item 36/18 be reinstated on the tracker.
- c) That officers organise another workshop to discuss and improve the set of Key Performance Indicators. These would be presented at the next Board meeting.

**Resolved:**

The Board noted its action tracker.

**4/19 DECLARATIONS OF INTEREST [Item 4]**

There were none.

**5/19 QUESTIONS AND PETITIONS [Item 5]**

There were none.

**6/19 CYBER SECURITY PRESENTATION [Item 6]**

This presentation was deferred until the next meeting of the Board.

**7/19 GOVERNANCE REVIEW [Item 7]**

**Declarations of interest:**

None.

**Witnesses:**

Neil Mason, Head of Pensions  
Ian Colvin, Hymans

**Key Points raised during the discussion:**

1. The Head of Pension explained to the Board how the Pension Committee had given authority for a governance review provider to review pension fund governance. As a result Hymans were the provider and Ian Colvin, Hymans attended to give a presentation to the Board.
2. Hymans presentation detailed the context of the governance review and that due to significant changes in the LGPS there was a need to ensure governance was still fit for purpose. He explained the process and timelines to the Board. He also explained that he would be sending Board Members an electronic questionnaire to get their views and encourage all to complete these. He would also arrange for one-to-one meetings with Board Members.

**Actions/further information to be provided:**

Board Members to engage with the governance review.

**Resolved:**

The Board noted the report.

## **8/19 PENSION COMMITTEE UPDATE (SUMMARY PAPER) [Item 8]**

### **Declarations of interest:**

None.

### **Witnesses:**

Neil Mason, Head of Pensions

### **Key Points raised during the discussion:**

The Head of Pensions provided the Board with a summary of the Pension Fund Committee's meeting of 18 November 2018. The Board strongly supported the work to look at tailored investment strategies for different employers.

### **Actions/further information to be provided:**

None.

### **Resolved:**

The Board noted the content of the report.

## **9/19 BORDER TO COAST UPDATE REPORT [Item 9]**

### **Declarations of interest:**

None.

### **Witnesses:**

Neil Mason, Head of Pensions

### **Key Points raised during the discussion:**

1. The Head of Pensions updated the Board on the BCPP Joint Committee resolution to restrict member representatives on to the Joint Committee to one member representative, to be selected from current member representatives on the local boards of partner funds. The Committee were now seeking nominations for a scheme member representative and a standing member substitute. Nominations had to be in by 31 January 2019. The role description was attached as an annex to the report. The pension fund team will circulate the nomination process to member representatives of the Board. The member representatives on the Board would need to coordinate between themselves on how to cast their vote on candidates.
2. It was confirmed that as a public meeting the substitute could attend the BCPP Joint Committee meetings.
3. In response to Member queries the Head of Pensions would get clarification on:

- whether the Fund would fund the substitute in terms of travel and expenses, and
  - whether there would be officer support for providing annual report and any other admin.
4. The Chairman highlighted the BCPP approach to climate change in their Responsible Investment Policy attached as an annex to the report.
  5. The Head of Pensions highlighted that the transition of the UK active equity portion of the Surrey Pension Fund portfolio to the BCPP national pool had been completed.

**Actions/further information to be provided:**

Officers to provide clarification on whether the Fund would fund the substitute in terms of travel and expenses, and whether there would be officer support for providing annual report and any other admin.

**Resolved:**

The Board noted the report.

**10/19 ADMINISTRATION UPDATE REPORT [Item 10]**

**Declarations of interest:**

None.

**Witnesses:**

Simon Pollock, Assistant Director of Commercial Operations  
 Clare Chambers, Pensions Service Delivery Manager  
 Tom Lewis, Pensions Support and Development Manager

**Key Points raised during the discussion:**

1. The Assistant Director of Commercial Operations addressed the Board, following the departure of the Lead Pensions Manager.
2. He reported that a detailed service review by the outgoing Lead Pensions Manager had identified profound weaknesses in the delivery of pension administration. These included:
  - Unmanaged backlogs
  - Systems constraints in the interface between payrolls and the administration
  - Poor data quality
  - Insufficient roll-out of self service
  - Process delivery bottlenecks
  - Lack of planning for 'scheme events'
  - Insufficient delegation and accountability
  - Limits in technology
  - Insufficient management information
  - Lack of effective use of automated workflow
3. The Board were advised that senior management had compiled an analysis of a number of areas that require immediate attention and set

out a series of strategic milestones to be achieved over each of the next four years in order to address them. This would be included in a comprehensive recovery plan which will be costed and shared with pension fund officers, the Board and the Pension Committee where appropriate.

4. The Board required that a working party, including members of the pension fund team, Local Pension Board and senior management of the pension administration team be convened to monitor progress against the recovery plan.
5. There was some discussion around the Guaranteed Minimum Pension (GMP) reconciliation and that officers were confident that they were getting all queries submitted. It was reported that responses would be delayed due to HMRC. It was also confirmed that any legal steer for the Board would be down to the Council's legal team to provide.
6. There was discussion around the possible impacts of equalisation of GMP and of gender equalisation. With regards to gender equalisation officers were awaiting further information before they could confirm if there would be any impact.

**Actions/further information to be provided:**

A workshop is to be convened for officers and representatives of the Local Pension Board to consider the proposed improvement plan prepared by the former Pensions Manager. A report will be presented to the Board at its next meeting on 25 April 2019.

**Resolved:**

The Board noted the report.

**11/19 ADMINISTRATION PERFORMANCE REPORT [Item 11]**

**Declarations of interest:**

None.

**Witnesses:**

Simon Pollock, Assistant Director of Commercial Operations  
Clare Chambers, Pensions Service Delivery Manager  
Tom Lewis, Pensions Support and Development Manager

**Key Points raised during the discussion:**

1. The Chairman requested that the annex be made simpler for future reports. There was a consensus that the figures do not measure the volume of work being performed accurately and officers had suggested an alternative method of reporting KPIs for comparison at October's meeting. Officers explained that the administration team had insufficient time to prepare the alternative figures but they had presented a draft template for review.
2. The Chairman questioned the deadlines for both the Pension Board and the Pension Committee and officers confirmed that the Committee were open to moving dates in the future.

3. In response to a Member query regarding capital strain invoices, officers stated that it was a priority to look at the whole system to see how far back this problem goes. Process improvements were highlighted. Staff were working on the initial stages with districts and borough councils and if successful would roll out.
4. The Chairman reiterated that he would write to all Fund employers who had failed last year to provide information in time to allow the preparation of annual benefits statements by 31 August, re-stating the requirements for them to submit data.
5. That the annual calendar of events show deadlines.

**Actions/further information to be provided:**

- a) That officers draft a letter for the Chairman to send to Fund employers who had failed last year to provide annual benefit information in time, requesting they ensure they provide data requested.
- b) That an annual calendar be presented to the next meeting and for it to show deadlines.

**Resolved:**

The Board noted the report.

**12/19 RISK REGISTERS 2018/19 QUARTER 3 [Item 12]**

**Declarations of interest:**

None.

**Witnesses:**

Ayaz Malik, Pension Accountant Advisor

**Key Points raised during the discussion:**

1. The Chairman requested that a risk only be reduced if an ameliorating action was in place and not before. Also, that risk A20 needed to be amplified. The Administration risk register was to be amended accordingly before it was presented to the Pension Committee.
2. There were a few amendments needed and queries on the main register:
  - number 19 should also include the Board under 'mitigating action'
  - number 24 – 2<sup>nd</sup> mitigating action should read 'or' rather than of
  - to reflect the points raised for the administration register in the main register
  - that a further risk be added to the main register regarding the 'overall operation'
  - number 16 could be given a broader description in that as a cyber related risk the whole service could be at risk.
3. In relation to risk number 12 it was asked if hedging was being considered given the volatility of sterling. Officers reported that it had been looked at but advised that the current approach was appropriate.

**Actions/further information to be provided:**

- a) That the Main risk register be amended as above before it goes to the Pension Committee.
- b) That the Main register is amended as per the notes given above.

**Resolved:**

The Board noted the report.

**13/19 THE DISCRETIONS EXERCISE REPORT [Item 13]**

**Declarations of interest:**

None

**Witnesses:**

John Smith, Pension Senior Advisor

**Key points raised during the discussion:**

1. There was some discussion about the disappointing lack of completed policies following a large exercise by officers. It was reported that there were now 16 completed discretions policies. It was suggested that one more exercise be undertaken by officers to try to elicit better engagement before the Chairman writes to key people of each organisation.
2. The Board noted that SCC had not yet been updated following regulatory changes and should lead by example. Officers reported that a policy was in place but had not been updated.

**Actions/ further information to be provided:**

- a) That officers draft a letter for the Chairman to send to employers if needed.
- b) Officers ensure that SCC's policy is updated.

**Resolved:**

The Board noted the report.

**14/19 THE ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC) GOVERNANCE REVIEW EXERCISE [Item 14]**

**Declarations of interest:**

None

**Witnesses:**

John Smith, Pension Senior Advisor

**Key points raised during the discussion:**

Officers reported that an appointment had been made.

**Actions/ further information to be provided:**

None.

**Resolved:**

The Board noted the report.

**15/19 REVIEW OF INTERNAL DISPUTE RESOLUTION CASES IN 2018/19 (QUARTER THREE) [Item 15]**

**Declarations of interest:**

None.

**Witnesses:**

John Smith, Pension Senior Advisor

**Key Points raised during the discussion:**

1. The Chairman noted that some cases had been through both stages 1 and stages 2 in the last quarter.
2. Officer reported that cases were being handled efficiently.

**Actions/further information to be provided:**

None.

**Resolved:**

The Board noted the report.

**16/19 RECENT DEVELOPMENTS IN THE LGPS [Item 16]**

**Declarations of interest:**

None.

**Witnesses:**

John Smith, Pension Senior Advisor

**Key Points raised during the discussion:**

1. The Chairman said that it was important for these bulletins to be brought to the Board's attention and asked about the Harvey vs Haringey case which was then explained by the Pension Senior Advisor.
2. With regards to the Guides on Annual Benefit Statements officers would advise the Board if there needed to be a change to processes in future.
3. The Board emphasised that priority be given to those approaching, or beyond, retirement age.

**Actions/further information to be provided:**

- a) Officers to advise the Board if there needed to be any changes to process regarding annual benefit statements.
- b) Officers to report back on the results of the tracking agency service for deferred members.

**Resolved:**

The Board noted the report.

**17/19 FORWARD PLAN [Item 17]**

**Declarations of interest:**

None.

**Witnesses:**

Neil Mason, Head of Pensions

**Key Points raised during the discussion:**

- 1. The Head of Pensions reported that an item on compliance with TPR code of conduct was to be added to the April agenda.
- 2. The Chairman asked that the annual calendar of process deadline dates be added to each meeting.

**Actions/further information to be provided:**

- a) Officers to add TPR code of conduct to the April 2019 meeting.
- b) Officer to add annual calendar to the April 2019 meeting.

**Resolved:**

The Board noted its forward plan.

**18/19 DATE OF THE NEXT MEETING [Item 20]**

The Board noted its next meeting would be held on 25 April 2019.

Meeting ended at: 12.29 pm

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**Chairman**

