

Surrey Pension Fund Committee

**Date & time**

Friday, 12 March
2021 at 10.00 am

Place

Remote via Teams

Contact

Angela Guest
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angela.guest@surreycc.gov.uk

Chief Executive

Joanna Killian



We're on Twitter:
@SCCdemocracy

Please note that due to the COVID-19 situation this meeting will take place remotely.

Please be aware that this meeting will be webcast and can be accessed through the webcast portal on the Surrey County Council website. This page can be accessed by following the link below:

<https://surreycc.public-i.tv/core/portal/webcasts>

If you have any queries relating to accessing this agenda please email angela.guest@surreycc.gov.uk.

Elected Members

Mr Tim Evans (Chairman), Mr Ben Carasco (Vice-Chairman), Mr John Beckett (Ewell),
Mr David Mansfield, Ms Charlotte Morley and Mrs Hazel Watson

Co-opted Members:

Kelvin Menon (Employees), Borough Councillor Ruth Mitchell (Hersham), District Councillor
Tony Elias (Bletchingley and Nutfield) and Philip Walker (Employees)

Mission statement

“The Surrey Pension Fund will deliver a first-class service through strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community. Environmental, Social and Governance factors are fundamental to our approach which is underpinned by risk management, informed decision making, the use of technology and the highest standards of corporate governance.”

PART 1
IN PUBLIC

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING [11 DECEMBER 2020]

(Pages 1
- 10)

To agree the minutes as a true record of the meeting.

3 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- (i) Any disclosable pecuniary interests and / or

- (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*8 March 2021*).
2. The deadline for public questions is seven days before the meeting (*5 March 2021*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 BUSINESS PLAN 2021/22

(Pages
11 - 26)

The Pension Fund Committee are asked to approve the draft Business Plan.

6 COMPANY ENGAGEMENT AND VOTING

(Pages
27 - 36)

This report is a summary of various Environmental Social & Governance (ESG) issues that the Surrey Pension Fund, Local Authority Pension Fund Forum (LAPFF), Robeco, and Border to Coast Pensions Partnership (BCPP) have been involved in, for the attention of the Pension Fund Committee.

- 7 INVESTMENT CORE BELIEF IMPLEMENTATION UPDATE** (Pages 37 - 44)
- Surrey Pension Fund is reviewing its investment strategy with a view to ensuring that it is in line with its Mission Statement and the emphasis on environmental, social and governance (ESG) considerations, in the wider context of the United Nation’s Sustainable Development Goals (SDGs).
- 8 LOCAL BOARD REPORT** (Pages 45 - 82)
- This report provides a summary of administration and governance issues reviewed, or approved, by the Local Pension Board at its meeting that require noting or action by the Pension Fund Committee.
- 9 REVISED TRAINING POLICY** (Pages 83 - 96)
- This report introduces the pension fund training Policy for approval.
- 10 INVESTMENT PERFORMANCE AND FUNDING REPORT** (Pages 97 - 116)
- This report is a summary of all manager issues that need to be brought to the attention of the Pension Fund Committee, as well as an update on investment performance and the values of assets and liabilities.
- Annexes 2 and 3 are Part 2 papers at item 12.*
- 11 EXCLUSION OF THE PUBLIC**
- Recommendation:** That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.
- 12 INVESTMENT PERFORMANCE AND FUNDING REPORT** (Pages 117 - 128)
- These are the Part 2 annexes to item 10.
- Confidential: Not for publication under Paragraph 3**
Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- 13 INVESTMENT STRATEGY REVIEW** (Pages 129 - 198)
- This paper outlines progress on the implementation of recommendations.
- Confidential: Not for publication under Paragraph 3**
Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- 14 NATIONAL POOLING UPDATE** (Pages 199 - 242)
- This Part 2 report is consistent with the Fund’s investment and governance objectives.
- Confidential: Not for publication under Paragraph 3**
Information relating to the financial or business affairs of any particular person (including the authority holding that information)

15 PROVISION OF INVESTMENT ADVICE AND CONSULTATION SERVICES

(Pages
243 -
250)

This Part 2 report is consistent with the Fund's investment objectives.

Confidential: Not for publication under Paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

16 PUBLICITY OF PART 2 ITEMS

To consider whether the item considered under Part 2 of the agenda should be made available to the Press and public.

17 VOTE OF THANKS

18 DATE OF NEXT MEETING

The next meeting of the Surrey Pension Fund Committee will be on [].

Joanna Killian
Chief Executive
Published: Thursday, 4 March 2021

MINUTES of the meeting of the **SURREY PENSION FUND COMMITTEE** held at 10.00 am on 11 December 2020 at Remote via Microsoft Teams.

These minutes are subject to confirmation by the Committee at its next meeting.

Elected Members:

- * Ms Charlotte Morley
- * Mr Tim Evans (Chairman)
- * Mr Ben Carasco (Vice-Chairman)
- * Mr John Beckett
- * Mr David Mansfield
- * Mrs Hazel Watson

Co-opted Members:

- * Kelvin Menon
- * Borough Councillor Ruth Mitchell, Hersham
- * District Councillor Tony Elias, Bletchingley and Nutfield
- * Philip Walker, Employees

62/20 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

An apology was received from Mr David Mansfield.

63/20 MINUTES OF THE PREVIOUS MEETING [11 SEPTEMBER 2020] [Item 2]

The Minutes were approved as an accurate record of the previous meeting.

64/20 DECLARATIONS OF INTEREST [Item 3]

There were none.

65/20 QUESTIONS AND PETITIONS [Item 4]

There were six public questions – these and the responses were published as a supplement to the agenda.

Supplementary questions and responses:

- 1) Helena Ritter asked if the Committee would consider disinvesting in companies where it was shown that engagement on core beliefs was not successful and used Shell as an example. The Chairman confirmed that that would be the case for any stock.
- 2) Ian Chappell asked a supplementary about the justification for the Committee taking risks given the two facts that in the last three year the market in fuels and reduced 45% and in the same period oil had increased 33%. The Chairman responded that this question had been answered several times and explanations given on how the Committee engages with investment managers and how investment decisions are

- made. He also invited questioners to stay for item 12 on the agenda which would give them more information.
- 3) Jenifer Condit asked the Committee when having taken the first step in investing in the low carbon fund, did the Committee not think it should go further and at least move the Rafi money over to low carbon? The Chairman stated that he was happy with both fund returns and explained that different funds had different risks over long and short term periods. The Strategic Finance Manager (Pensions) stated that the Rafi fund was based on a multi factor approach in passive investing and the low carbon fund was based on a market cap therefore both had different risk characteristics. He also stated that there were more developments within LGIM looking at a more flexible ESG approach which officers were exploring. In addition, a review of the approach to active/passive investments is expected to be included in the 2021/22 Fund business plan .
 - 4) Anna Humphris stated that at the beginning of the year BP made a green sustainability announcement but most recently have announced new investments in fossil fuels and therefore what were the Committee going to do with regard to their investment in BP? The Chairman stated that the answer was the same as already given and the Committee would consider its engagement and investments in a measured way as previously explained.
 - 5) Isobel Griffiths stated that the only direct communication she gets is an annual email telling her that the annual benefit statement was available to view. She did not get the employee newsletter, could not view the employer newsletter and did not receive any information on investments. She therefore asked the Committee to communicate at least annually with members on where the money was being invested and particularly showing how much was invested in green versus fossil fuels. The Chairman stated that the information was no secret and the Committee papers were public. The Strategic Finance Manager (Pensions) recognised that more could be done and that the Fund was looking at various ways to improve communication with the membership.

66/20 LOCAL PENSION BOARD [Item 5]

Speakers:

Mr Nick Harrison, Chairman Surrey Local Pension Board

Key points raised during the discussion:

1. Mr Nick Harrison introduced the Local Pension Board report and some of his highlights included:
 - The Annual Benefit Statement had been a successful exercise
 - The procurement of software was proceeding satisfactorily
 - The Board's concern about the exit cap
 - Small changes had been made to the risk register
 - The Board would be looking at the help desk backlog before the next meeting.
 - The Board would be looking at the Communication Strategy at its next meeting and will bring any recommendations to the Committee.

2. The Chairman thanked the Board for their work.

Actions/ further information to be provided:

None.

Resolved:

1. That the minutes of the Local Pension Board meeting of 12 November 2020 be noted.
2. That the following minor changes to the risk register: risks A21 the McCloud judgement, A22 migrating from County Hall, and A23 management of the backlog in the Administration Risk Register be approved.
3. That the Local Board's concern at the position that the Fund has been placed in due to conflicts between the Restriction of Public Sector Exit Payments Regulations 2020 and the Local Government Pension Scheme Regulations 2013 be noted.

67/20 CASHFLOW ANALYSIS [Item 6]

Speakers:

Ayaz Malik - Pensions Finance Specialist

Key points raised during the discussion:

1. The Committee considered a report that detailed the cash flow analysis for the Fund.
2. The Committee agreed that cashflow detail now be subsumed within the main Investment Manager Issues and Performance and Assets/Liabilities Update report rather than as a separate item.

Actions/ further information to be provided:

That this is no longer treated as a separate agenda item but the information subsumed with the main Investment Manager Issues and Performance and Assets/Liabilities Update report.

Resolved:

1. That the cash-flow position for quarters one and two be noted.
2. That no change was required to the investment or funding strategy as result of the current cash-flow position.

68/20 MINISTRY OF HOUSING COMMUNITIES AND LOCAL GOVERNMENT - CONSULTATION ON THE REFORM OF LOCAL GOVERNMENT EXIT PAYMENTS [Item 8]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised during the discussion:

1. The Strategic Finance Manager reported that this was not the first consultation on this issue and that, in the Council's response, disappointment was expressed at the fact that that previous comments

and recommendations made did not appear to have been taken into account in this consultation.

Actions/ further information to be provided:

None.

Resolved:

1. That the report be noted.

69/20 EXIT CAP DECISIONS [Item 7]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised during the discussion:

1. The report Strategic Finance Manager (Pensions) provided an introduction to the Pension Fund Committee with details of urgent decisions made regarding the processing of exit payments for eligible local government employees, including that which required an officer delegated decision from the Executive Director of Resources (Section 151 officer) and Director of Law and Governance (Monitoring Officer) in consultation with the Chairman of the Pension Fund Committee. He also reported that this was not the first consultation and that a response had been sent about being unhappy that previous comments made were not taken into account.
2. In response to a query about the strain on the Pension Fund the Strategic Finance Manager (Pensions) explained that there would only be additional strain for those above the £75k limit.

Actions/ further information to be provided:

None.

Resolved:

1. That the report be noted.
2. The Committee noted the Local Board's concern at the position that the Fund has been placed in due to conflicts between the Restriction of Public Sector Exit Payments Regulations 2020 and the Local Government Pension Scheme Regulations 2013.

70/20 MINISTRY OF HOUSING COMMUNITIES AND LOCAL GOVERNMENT - CONSULTATION ON AMENDMENTS TO THE LOCAL GOVERNMENT PENSION SCHEME STATUTORY UNDERPIN [Item 9]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised during the discussion:

1. There was no further discussion on this report which the Committee noted.

Actions/ further information to be provided:

None.

Resolved:

- 1. That the report be noted.

71/20 DEPARTMENT FOR WORK AND PENSIONS - CONSULTATION ON TAKING ACTION ON CLIMATE RISK: IMPROVING GOVERNANCE AND REPORTING BY OCCUPATIONAL PENSION SCHEMES [Item 11]

Speakers:

Mamon Zaman, Senior Pensions Finance Specialist

Key points raised during the discussion:

- 1. The Senior Pensions Finance Specialist introduced a report that provided details of the Department for Work and Pension’s (DWP) consultation on Taking Action on Climate Risk: Improving Governance and Reporting by Occupational Pension Schemes and the response from Surrey. Surrey had supported all of the recommendations of the international industry-led Task Force on Climate-related Financial Disclosures (TCFD).

Actions/ further information to be provided:

None.

Resolved:

- 1. That the report be noted.

72/20 NATIONAL KNOWLEDGE ASSESSMENT (NKA) RESULTS AND TRAINING PLAN [Item 10]

Speakers:

Ayaz Malik - Pensions Finance Specialist

Key points raised during the discussion:

- 1. The Pensions Finance Specialist introduced a report that set out the results of the National Knowledge Assessment (NKA) conducted by Hymans Robertson. The aim of NKA was to identify where there were gaps in knowledge in Pension Fund Committee Members to assist in devising an appropriate training plan. The score for the Committee was high but it had been identified that there was an improvement needed in knowledge of the actuarial methodology.
- 2. The Chairman highlighted the proposed training plan for 2021/22.

Actions/ further information to be provided:

None.

Resolved:

- 1. That the report and annex be noted.
- 2. That the proposed 2021/22 training plan be approved.

73/20 INVESTMENT CORE BELIEFS AND THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS [Item 12]

Speakers:

Neil Mason - Strategic Finance Manager (Pensions)

David Crum - Minerva

Key points raised during the discussion:

1. The Committee welcomed this report and recognised the need to amend the Investment Strategy Statement to ensure the approach to Sustainable Development Goals was incorporated. There was also a need to design an engagement framework to enable clear communications to Managers on the Fund's requirements. It was also stated that the need to work closely with Border to Coast on ESG matters was crucial. Having commissioned this report meant that the Fund could progress with an evidence base.
2. David Crum gave praise to Surrey for being the first LGPS to undertake this exercise and the Strategic Finance Manager (Pensions) stated that the good work has been recognised nationally.
3. The Committee thanked Minerva, Jane Firth and Anthony Fletcher for the good work done.

Actions/ further information to be provided:

None.

Resolved:

1. That having considered all aspects of incorporating ESG considerations into the investment approach, and in acknowledgement that there is no universally agreed approach in this area, the use of UN SDGs, to provide a forward thinking and comprehensive approach in referencing the transition to sustainability within the Fund's investment strategy statement, was appropriate.
2. That the Minerva Report provides sufficient assurance to enable a decision to move to the next stage of more detailed preparation and implementation was agreed.
3. That further action be requested from officers and, where appropriate, advisors, to cover the following areas:
 - Draft relevant changes to the Investment strategy statement
 - Develop SDG into an engagement framework for companies as well as Investment Manager activity
 - Work to incorporate SDG metrics in selecting, monitoring and evaluating investment managers
 - Work with Border to Coast on developing an SDG approach to Pooled assets
4. That officers provide the following updates for the next meeting:
 - Presentation of an implementation plan
 - Propose the method by which progress on implementation is incorporated as part of all future investment strategy reviews
 - Propose the timeline for the assessment and ongoing viability and effectiveness of this approach

74/20 COMPANY ENGAGEMENT & VOTING [Item 13]

Speakers:

Mamon Zaman - Senior Pensions Finance Specialist

Jane Firth – BCPP

Sarah Wilson – BCPP

Key points raised during the discussion:

1. The Senior Pensions Finance Specialist introduced a report and explained that the reason for their being no management votes on the voting outcomes was that it was a quiet period for contentious votes.
2. Jane Firth updated the Committee on the Robeco themes explaining that there were two new climate related themes announced; engagement with financial sector on carbon reduction and working towards an acceleration of the Paris Agreement.
3. There was some discussion about how the proposal of resolutions was conducted and by whom.

Actions/ further information to be provided:

None.

Resolved:

1. That ESG Factors were fundamental to the Fund's approach was confirmed as consistent with the Mission Statement through;
 - Continuing to enhance its own Responsible Investment Approach, its Company Engagement policy, and SDG alignment, referenced in the Investment Core Beliefs & SDG Mapping report.
 - Applauding the outcomes achieved for quarter ending 30 September 2020 by Robeco in their Active Ownership approach and the LAPFF in its Engagement with multinational companies as at 30 September 2020.

75/20 RESPONSIBLE INVESTMENT POLICY REVIEW [Item 14]

Speakers:

Mamon Zaman - Senior Pensions Finance Specialist

Jane Firth – Border to Coast

Key points raised during the discussion:

1. Jane Firth, Border to Coast, introduced the reviewed responsible investment policy and the corporate governance and voting guidelines. She highlighted the changes that had been made and reported that:
 - Most changes were minor amendments or additions.
 - Additional context added to private markets
 - Climate change – looking to develop as separate policy next year
 - Extra points on reporting had been added to both policies; one major one was how to vote against the chair

- Minor modifications made to voting guidelines but wanted to highlight diversity and to broaden that out.
- Have been clear on opposing political donations

Actions/ further information to be provided:

None.

Resolved:

1. That the revised BCPP Responsible Investment (RI) Policy 2021 and Corporate Governance & Voting Guidelines 2021 be approved.
2. That the continuing work to be carried out by officers in collaboration with BCPP and partner funds, with the principle of embedding a consistent approach to Responsible Investment approach between the Fund and BCPP be approved.

Mr John Beckett left the meeting at 11.34am.

76/20 EXCLUSION OF THE PUBLIC [Item 15]

Resolved: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

11.34 The Committee adjourned for six minutes for a comfort break.

77/20 INVESTMENT MANAGER ISSUES AND PERFORMANCE AND ASSET/LIABILITIES UPDATE [Item 16]

Speakers:

Mamon Zaman - Senior Pensions Finance Specialist

Anthony Fletcher - Independent Advisor

Mr Nick Harrison, Chairman, Surrey Local Pension Board

Neil Mason - Strategic Finance Manager (Pensions)

Key points raised during the discussion:

1. The Senior Pensions Finance Specialist introduced a Part 2 report that detailed manager and performance issues and highlighted the funding level.
2. In response to a Member question about Fund comparisons with LGPS peers the Strategic Finance Manager (Pensions) explained that it was of limited value due to the differing membership and liability profiles.
3. The Board discussed detailed information given against the benchmarks keeping in mind the need to view as long term.

Actions/ further information to be provided:

None.

Resolved:

1. That the main findings of the report in relation to the Fund's valuation and funding level, performance returns, asset allocation and performance fees be noted.

78/20 PRIVATE MARKET REVIEW [Item 17]

Speakers:

Mamon Zaman - Senior Pensions Finance Specialist
 Anthony Fletcher - Independent Advisor
 Neil Mason, Strategic Finance Manager (Pensions)
 Steve Turner - Mercer

Key points raised during the discussion:

1. The Senior Pensions Finance Specialist introduced a Part 2 report and explained that it was part of the Annual Business Plan to review as part of good governance.
2. The Independent Advisor gave a precis of each manager including the positive and negative elements of each.
3. Steve Turner reported that due diligence had been done for Darwin and he would share with the Board.

Actions/ further information to be provided:

None.

Resolved:

1. The Committee noted the Fund's Private Market holdings, respective funds' investment performance and review from the Fund's and independent investment adviser.
2. That the Fund continue to commit to drawdowns of the existing private equity infrastructure, and private debt and consider new opportunities to the Pension Fund Committee for approval as and when they arise.

Ms Charlotte Morley left the meeting at 12.05pm.

79/20 BORDER TO COAST UPDATE [Item 19]

Speakers:

Neil Mason - Strategic Finance Manager (Pensions)
 Andrew Stone – BCPP

Key points raised during the discussion:

1. The Board discussed a Part 2 report that set out the progress made by the Officer Operations Group (OOG), Joint Committee (JC) and Border to Coast Pension Partnership Shareholder Board.

Actions/ further information to be provided:

None.

Resolved:

1. The Committee noted the recent updates in Border to Coast Pension Partnership (BCPP) activity, including details of the BCCP joint committee meetings of 1 October and 24 November 2020.

80/20 PROVISION OF INVESTMENT ADVICE AND CONSULTATION SERVICES [Item 18]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised during the discussion:

1. The Committee discussed this Part 2 report that set out the current arrangements for investment consultancy services and independent investment advice. The contract for investment consultancy was due to expire in April 2021. A sub-committee was sought to take this forward with officers and due to a number of Members having to leave the meeting it was agreed to seek volunteers outside of the meeting.

Actions/ further information to be provided:

That the Strategic Finance Manager seek volunteer Members for the sub-committee following the meeting.

Resolved:

That a sub-committee be convened to work with officers in the following areas:

- Consider the arrangements in place for investment consultancy services and independent investment advice and identify any areas for potential improvement;
- The procurement of investment consultancy services and independent investment advice.

81/20 PUBLICITY OF PART 2 ITEMS [Item 20]

Resolved:

That no Part 2 papers be released to the public.

82/20 DATE OF NEXT MEETING [Item 21]

The date of the meeting was NOTED.

Meeting ended at: 12.28 pm

Chairman

SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE:** 12 MARCH 2021**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE**SUBJECT:** PENSION FUND BUSINESS PLAN 2021/22**SUMMARY OF ISSUE:****Strategic objectives**

Investment	Funding	Governance	Delivery
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The Business Plan 2021/22 is the operational framework for the Fund to meet its strategic objectives, consistent with its Mission Statement.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Approves the proposed amendments to its Mission Statement.
2. Approves the Business Plan 2021/22 shown in Annexe 1.

REASON FOR RECOMMENDATIONS:

The Business Plan provides the operational framework for the Pension Fund Committee to agree and deliver its strategic objectives for investment, funding, governance and delivery.

DETAILS:**Background**

1. At the Pension Fund Committee meeting of 13 March 2020, the Pension Fund Committee approved a business plan for 2020/21, identifying the key issues affecting the Pension Fund over the medium term and a timetable of activities needed to help achieve the strategic objectives.
2. At the next Committee meeting on 11 June 2021, an outturn report will be presented, detailing the progress and achievements made against the 2020/21 business plan.

Proposed Changes to the Mission Statement

3. In its meeting of 7 June 2019, the Committee approved the following Missions Statement:

“The Surrey Pension Fund will deliver a first-class service through strong partnerships with scheme members, employers, the Border to Coast Pool

and the wider LGPS community. Environmental, Social and Governance (ESG) factors are fundamental to our approach which is underpinned by risk management, informed decision making, the use of technology and the highest standards of corporate governance.”

- To allow the Mission Statement to more clearly focus on the fact that all Fund activity is derived by the needs of its stakeholders and supported by the highest standards of corporate governance, the following minor changes to the Mission Statement are proposed:

“To deliver a first-class service to Surrey Pension Fund Stakeholders through strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community. The highest standards of corporate governance are fundamental to our approach underpinned by informed decision making Environmental, Social and Governance considerations, risk management and use of technology.”

Business Plan 2021/22

- The Business Plan 2021/22 is derived from the strategic objectives to complete the following governance process for the Fund:



- From the Mission Statement the following strategic objectives were agreed for investment, funding, governance and delivery:

Investment objectives

- To have a clearly articulated strategy for achieving the return required to meet pension payments.
- To have a strategic asset allocation that delivers long-term investment returns, while taking the appropriate level of risk required.
- To have sufficient liquid resources available to meet the Fund's ongoing obligations.
- To ensure material ESG factors are fundamental to all investment decisions.
- To appoint managers and advisors to deliver the investment strategy and monitor their effectiveness.

Funding objectives

- To ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- To ensure that employer contribution rates are affordable and stable.
- To reflect the different characteristics of scheme employers in determining contribution rates.
- To ensure administration costs attributable to scheme employers are charged proportionately to how they are accrued.
- To take reasonable measures to reduce the risk to all employers of any employer defaulting on its pension obligations.

Governance objectives

- To deliver all LGPS administering authority functions to a high level of quality while recognising the need to deliver value for money.
- To ensure that policies support the strategic aims and objectives of the Fund.
- To ensure the effectiveness of the Pension Fund Committee, Local Pension Board and officers to which delegated function has been passed, including areas such as decision making processes, knowledge and competencies.
- To ensure that decision making authority and areas of responsibility are clearly defined and reflected in the Council's Scheme of delegation, terms of reference and procedures.
- To recognise that communication is a two-way process and to communicate in a straightforward, effective and friendly way with all our stakeholders. We will listen and take on board all feedback.
- To ensure the Pension Fund Committee and officers procure professional advice and appropriate information and interpret, scrutinise and challenge that advice in their supervision and monitoring of the Scheme in all areas.
- To enable the management of risks and internal controls to underpin the activities of the Fund.
- To comply with relevant legislation, The Pensions Regulator's requirements and acknowledged best practice.

- To periodically seek external assurance as to the effectiveness of the governance framework. To report on this effectiveness.
- To act with integrity and transparency in a way that upholds public confidence in the management of Fund.

Delivery objectives

- To ensure the correct benefits are paid to, and the correct income collected from, the correct people at the right time.
 - To set out the administration standards expected of the Fund and scheme employers and the methods by which performance will be monitored and reported. To support employers in achieving those standards.
 - To promote good working relationships and maximise efficiency between the SPF and scheme employers.
 - To ensure scheme employers are aware of and understand their roles and responsibilities under the LGPS regulations.
 - To ensure that the Fund maintains accurate pension records and that all data is stored, handled, reviewed and disposed of securely and in accordance with its legal obligations.
 - To ensure that the administration costs attributable to scheme employers are charged proportionately to how they are accrued.
 - To ensure that Scheme members, employers and others who have dealings with the Fund receive a strong customer focused service.
 - To ensure members are communicated effectively so that they understand and appreciate the value of their benefits.
7. Annexe 1 sets out a draft recommended Business Plan for 2021/22. The plan lists the investment, funding, governance and delivery tasks scheduled to be carried out during 2021/22, the target date when these should be achieved, and the responsible officer(s).
8. The Committee is requested to note the following additions to the 2020/21 Business Plan:

Investments

- Update the investment strategy statement to include investment core beliefs.
- Review Investment consultant and independent advice.
- Taskforce for Climate Related Disclosures (TCFD) reporting.
- Stewardship code reporting.
- Implement replacement for gilts.
- Review passive portfolio.
- Review engagement framework with Border to Coast.

Funding

- Review TUPE Process.
- Plan for 2022 Valuation.

Governance

- Review and catalogue all policies.
- Delivery of Training plan.
- Liaise with Internal Audit process.

Delivery

- Plan for impact of McCloud.
- Plan for Goodwin.
- Plan for Guaranteed Minimum Pensions (GMP) equalisation.
- Data improvement – review data improvement plan.

9. The Business Plan 2021/22 informs the Forward Plan of the Pension Fund Committee for 2021/22.

Activities not included in the Business Plan 2021/22

10. As a result of a review of the Orbis partnership management of pension administration, it had been concluded that pension administration should revert to the sovereign control of Surrey County Councils (SCC) respectively.
11. A pension administration “Turnaround Board” was established to oversee the dissolution of the Orbis pension partnership, along with reversion to sovereign authorities and partnership fund relationships. The constituent projects of the Turnaround programme have target full completion date of February 2022.
12. A “Transformation Board” has been established to design and implement the optimum structure to deliver an integrated service for the Surrey Pension Fund. Emphasis will move more to the Transformation programme as the Turnaround programme rolls off.
13. Milestones of the Turnaround and Transformation programmes are not included in the Business Plan 2021/22. Although there are no specific decisions to be made from the Pension Fund Committee in relation to these Turnaround and Transformation programmes, progress on these programmes are provided to the Pension Fund Committee and the Local Pension Board at their quarterly meetings and the Chairman of the Pension Fund Committee and the Local Pension Board are given updates on a monthly basis.

CONSULTATION:

14. The Chairman of the Pension Fund Committee has been consulted on the proposed change and has offered full support for the proposals.

RISK MANAGEMENT AND IMPLICATIONS:

15. A risk related issue is the possibility of not achieving part or all of the business plan. Given the outturn report that is compiled at year end and the measurement of progress against approved objectives, officers are very

aware of the need to monitor performance against business plan objectives on a regular basis.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

16. The costs of the proposed actions will be funded from the administrative expenses of the pension fund.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

17. The Director of Corporate Finance is satisfied that the Business Plan focuses on the key activities that will provide the Pension Fund Committee and officers with a useful framework to monitor the progress of the Fund in meeting its strategic objectives.

LEGAL IMPLICATIONS – MONITORING OFFICER

18. There are no legal implications or legislative requirements associated with this report.

EQUALITIES AND DIVERSITY

19. The creation of a business plan will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

WHAT HAPPENS NEXT:

20. The following next steps are planned:

- Commencement of the year’s work in line with the draft business plan.
- Officers will revise the Business Plan in accordance with any suitable recommendations arising from the governance review and bring to the Committee for approval.
- Progress monitoring will take place and, if necessary, matters will be discussed at future Committee meetings.
- Outturn report of the 2021/22 financial year to be presented at the first meeting of the Pension Fund Committee in 2022/23.

Contact Officer:

Neil Mason, Strategic Finance Manager (Pensions)

Consulted:

Pension Fund Committee Chairman

Annexes:

Annexe 1: Business Plan 2021/22

Sources/background papers:

None

**Surrey Pension Fund
Business Plan and Actions for 2021/22**

Surrey Pension Fund Mission Statement

“To deliver a first-class service to Surrey Pension Fund Stakeholders through strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community. The highest standards of corporate governance are fundamental to our approach underpinned by informed decision making Environmental, Social and Governance considerations, risk management and use of technology.”

Investment

Objective(s)

- To have a clearly articulated strategy for achieving the return required to meet pension payments.
- To have a strategic asset allocation that delivers long-term investment returns, while taking the appropriate level of risk required
- To have sufficient liquid resources available to meet the Fund's ongoing obligations.
- To ensure material ESG factors are fundamental to all investment decisions.
- To appoint managers and advisors to deliver the investment strategy and monitor their effectiveness

Action	Description	Timescale	Primary Responsibility
1	Update the investment strategy statement to include investment core beliefs	June 2021	Strategic Finance Manager (Pensions)
2	Monitor performance of investment managers/Border to Coast and report to Pension Fund Committee	Quarterly 2021/22	Senior Pensions Finance Specialist
3	Reporting on Responsible Investment Outcomes achieved by Fund, BCPP and Engagement Partners, and developments in Responsible Investment Policy	Ongoing 2021/22	Senior Pensions Finance Specialist
4	Continue transition to national asset pooling (Border to Coast Pensions Pool) <ul style="list-style-type: none"> • Multi-asset credit • Emerging Market Equity • Regional Equity • Property • Listed alternatives 	Ongoing 2021/22	Strategic Finance Manager (Pensions)

5	Reviewing the risk attrition of the portfolio and how it compares against risk profile of the Fund	Ongoing 2020/21 with Border to Coast	Senior Pensions Finance Specialist
6	Review Investment consultant and independent advice	June 2021	Strategic Finance Manager (Pensions)
7	Review Competitions Market Authority (CMA) investment consultant strategic objectives	September 2021	Senior Pensions Finance Specialist
8	Establish base-line pension fund budget 2022/23	February 2022	Senior Pensions Finance Specialist
9	Monitor pension fund expenses for next financial year with the target of unit cost in lowest quartile in line with SAB Cost Transparency code	Ongoing – Sept 2021	Senior Pensions Finance Specialist
10	Produce Annual Statement of Accounts and achieve an unqualified audit	31 May 2021	Senior Pensions Finance Specialist
11	Produce Pension Fund Annual Report	30 September 2021	Senior Pensions Finance Specialist
12	Deliver environmental, social and governance (ESG) engagement forum	30 November 2021	Senior Pensions Finance Specialist
13	Report on Cost Effective Measurement (CEM) investment benchmarking	30 September 2021	Senior Pensions Finance Specialist
14	Taskforce for Climate Related Disclosures (TCFD) reporting	Ongoing 2021	Senior Pensions Finance Specialist
15	Stewardship code reporting	31 December 2021	Senior Pensions Finance Specialist
16	Implement replacement for gilts	Ongoing 2021	Strategic Finance Manager (Pensions)
17	Review passive portfolio	Ongoing 2021	Strategic Finance Manager (Pensions)
18	Review engagement framework with Border to Coast	Ongoing 2021	Senior Pensions Finance Specialist

Funding

Objective(s)

- To ensure the long-term solvency of the Fund, using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- To ensure that employer contribution rates are affordable and stable.
- To reflect the different characteristics of scheme employers in determining contribution rates.
- To ensure administration costs attributable to scheme employers are charged proportionately to how they are accrued.
- To take reasonable measures to reduce the risk to all employers of any employer defaulting on its pension obligations.

Action	Description	Timescale	Primary Responsibility
1	Provide employers with IAS19/FRS102 funding statements when requested	Scheduled and admitted bodies: Mar 2021 Colleges: July 2021 Academies: August 2021	Senior Pensions Finance Specialist
2	Monitor monthly and reconcile contributions schedule for the County Council and scheme employers	Ongoing - Monthly	Pensions Finance Specialist
3	Review Compensation process	Ongoing	Pensions Finance Specialist
4	Regular contributions / benefits, cash-flow	Quarterly	Pensions Finance Specialist
5	Review TUPE Process	July 2021	Pensions Finance Specialist
6	Plan for 2022 Valuation	July 2021	Pensions Finance Specialist
7	Integrated cashflow analysis	October 2021	Pensions Finance Specialist

Governance

Objective(s)

- To deliver all LGPS administering authority functions to a high level of quality while recognising the need to deliver value for money.
- To ensure that policies support the strategic aims and objectives of the Fund.
- To ensure the effectiveness of the Pension Fund Committee, Local Pension Board and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies
- To ensure that decision making authority and areas of responsibility are clearly defined and reflected in the Council's Scheme of delegation, terms of reference and procedures.
- To recognise that communication is a two-way process and to communicate in a straightforward, effective and friendly way with all our stakeholders. We will listen and take on board all feedback.
- To ensure the Pension Fund Committee and officers procure professional advice and appropriate information and interpret, scrutinise and challenge that advice in their supervision and monitoring of the Scheme in all areas
- To enable the management of risks and internal controls to underpin the activities of the Fund
- To comply with relevant legislation, The Pensions Regulator's requirements and acknowledged best practice.
- To periodically seek external assurance as to the effectiveness of the governance framework. To report on this effectiveness.
- To act with integrity and transparency in a way that upholds public confidence in the management of Fund

Action	Description	Timescale	Primary Responsibility
1	Reasonably comply with any requests from the Local Pension Board with regard to any aspect of the Scheme Manager function	Ongoing 2021/22	Pension Governance and Employer Manager
2	Give due consideration to recommendations made to the Pension Fund Committee from the Local Pension Board and respond to the Local Pension Board within a reasonable period of time	Ongoing 2021/22	Pension Governance and Employer Manager

3	Commission the Local Pension Board to carry out specific studies to assist the Pension Fund Committee	Ongoing 2021/22	The Pension Fund Committee
4	Ensure ongoing risk assessments of the management of the fund for 2021/22	Ongoing and reported to every committee meeting, via the Local Pension Board report	Pension Governance and Employer Manager
5	To monitor a system of disaster recovery/business continuity in the event of major disaster	Ongoing 2021/22 October 2021	Pension Governance and Employer Manager / Pension Administration Team
6	Review Pension Fund Committee and Local Pension Board member training requirements and implement training plan as appropriate	Ongoing 2021/22	Pensions Finance Specialist
7	Agree annual plan for Committee, local Board members and officer training	June 2021	Pensions Finance Specialist
8	Ensure that meeting papers are issued at least seven days prior to meeting	Every Pension Fund Committee and Local Pension Board meeting	Strategic Finance Manager (Pensions)
9	Review and catalogue all policies	Ongoing 2021/22	Pension Governance and Employer Manager
10	Review compliance with the Pension Regulator's Codes of Conduct.	February 2022	Pensions Finance Specialist
11	Respond to all government consultations and report to the Pension Fund Committee as necessary	As and when required	Pension Governance and Employer Manager
12	Review and Catalogue Process Notes –	As and when required	Pension Communications and Administration Officer
13	Ensure Border to Coast Shareholder Resolution are completed and signed by the Pension Fund Committee Chair	As and when required	Strategic Finance Manager (Pensions) / Pension Communications and Administration Officer
14	Complete annual return to the Pensions Regulator	On notification by the Pensions Regulator	Pension Communications and Administration Officer
15	Delivery of Training plan	Ongoing	Pensions Finance Specialist

16	Liaise with Internal Audit process	Timings to be confirmed	Strategic Finance Manager (Pensions)
17	Review cyber security risk	June 2021	Pension Governance and Employer Manager

Delivery

Objective(s)

- To ensure the correct benefits are paid to, and the correct income collected from, the correct people at the right time.
- To set out the administration standards expected of the Fund and scheme employers and the methods by which performance will be monitored and reported. To support employers in achieving those standards.
- To promote good working relationships and maximise efficiency between the SPF and scheme employers
- To ensure scheme employers are aware of and understand their roles and responsibilities under the LGPS regulations.
- To ensure that the Fund maintains accurate pension records and that all data is stored, handled, reviewed and disposed of securely and in accordance with its legal obligations.
- To ensure that the administration costs attributable to scheme employers are charged proportionately to how they are accrued.
- To ensure that Scheme members, employers and others who have dealings with the Fund receive a strong customer focused service.
- To ensure members are communicated effectively so that they understand and appreciate the value of their benefits.

Action	Description	Timescale	Primary Responsibility
1	Conduct monthly administration performance review meetings	Monthly	Pensions Finance Specialist /Pensions Process Manager
2	Produce administration performance monitoring reports on a quarterly basis, after scrutiny from the Local Pension Board	Ongoing with reports due at each committee meeting	Pension Governance and Employer Manager / Head of Pensions Administration

3	Ensure that any complaints against action or inaction by pension staff are dealt with in a timely manner	Ongoing – Monthly	Support and Development Team
4	Review the content of the pension fund website to ensure it is relevant and kept up to date.	Ongoing - monthly	Communications Team
5	Monitor and review performance against the pension fund administration strategy	Ongoing - Quarterly in line Pension Board	Pension Governance and Employer Manager / Head of Pension Administration
6	Review communications strategy and Communication Plan	Annually – February 2021	Communications Team
7	Production of a newsletter to pensioners in April each year	March 2021	Communications Team
8	Produce Newsletter for Employers	In accordance with the Pension Admin Coms Plan	Communications Team
9	Produce Newsletter for Members	In accordance with the Pension Admin Coms Plan	Communications Team
10	Timely production of benefit statements	Active members by 31 Aug 2021 Preserved members by 31 Aug 2021 Councillors by 31 Aug 2021	Support and Development Team
11	Ensure communication material complies with current legislation and effectively communicates the benefits of the scheme to members and employers. Ensure communication material is amended to comply with the requirements of the new regulations/legislation	Ongoing - Monthly	Pensions Technical and Compliance Specialist
13	Communication on a timely basis of material scheme changes to Pension	Ongoing	Pensions Technical and Compliance Specialist

	Fund Committee, Local Pensions Board, employer bodies and members		
14	Prepare Pension Fund Annual Meeting (November) and receive feedback from employers	November 2021	Communications Team
15	Prepare for annual employer forum	Dates tbc	Pensions Finance Specialist / Pension Administration Team
16	Review Mercer work on Guaranteed Minimum Pension (GMP) Reconciliation.	Ongoing – Monthly	Pension Governance and Employer Manager / Support & Development Team
17	Fund receive reassurance from the administration function that all member records are set up on the pension administration system and that all relevant documents are scanned and assigned to the appropriate record.	Ongoing – Monthly updates to include as part of the Pension Admin / Fund monthly Meetings	Pension Governance and Employer Manager / Pension Administration Team
18	Plan for impact of McCloud	Phase 1 by April 2021	Head of Pension Admin
19	Plan for Goodwin	Ongoing	Head of Pension Admin
20	Plan for GMP Equalisation	Ongoing	Head of Pension Admin
21	Data improvement – review data improvement plan	Ongoing	Head of Pension Admin

SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE:** 12 MARCH 2021**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE**SUBJECT:** COMPANY ENGAGEMENT & VOTING**SUMMARY OF ISSUE:****Strategic objectives****Investment**

This report is a summary of various Environmental Social & Governance (ESG) issues that the Surrey Pension Fund, Local Authority Pension Fund Forum (LAPFF), Robeco, and Border to Coast Pensions Partnership (BCPP) have been involved in, for the attention of the Pension Fund Committee. The Fund is a member of LAPFF so enhances its own influence in company engagement by collaborating with other Pension Fund investors through the Forum. Robeco has been appointed to provide BCPP's voting and engagement services so acts in accordance with BCPP's Responsible Investment Policy, which is reviewed and approved every year by all 11 partner funds within the Pool.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

Reaffirms that ESG Factors are fundamental to the Fund's approach, consistent with the Mission Statement through;

- Continuing to enhance its own Responsible Investment Approach, its Company Engagement policy, and SDG alignment
- Applauding the outcomes achieved for quarter ending 31 December 2020 by Robeco in their Active Ownership approach and the LAPFF in its Engagement with multinational companies as at 31 December 2020.
- Support the Say on Climate Initiative and approve Officers to work with Fund Managers and BCPP in adopting the actions
- Support the Impacting Investing Principles for Pension Schemes

REASONS FOR RECOMMENDATIONS

In accordance with The Fund's Mission Statement, as well as its Investment Strategic Objectives, the Fund is required to fulfil its fiduciary duty to protect the value of the Pension Fund, to meet its pension obligations. Part of this involves consideration of its wider responsibilities in Responsible Investment as well as how it exercises its influence through engaging as active shareholders.

Background

1. The informed use of shareholder votes, whilst not a legal duty, is a responsibility of shareholders and an implicit fiduciary duty of pension fund trustees and officers to whom they may delegate this function. Such a process is strengthened by the advice of a consultant skilled in this particular field.
2. The Surrey Pension Fund has been with Minerva Analytics (formerly Manifest) since 2013 to provide consultancy advice on share voting and the whole spectrum of company corporate governance. Minerva Analytics has assisted in ensuring that the Fund's stewardship policy reflects the most up-to-date standards and officers learn of the latest developments and can reflect these developments in the Investment Strategy Statement (ISS).
3. LAPFF is a collaborative shareholder engagement group representing most of the Local Government Pension Scheme Funds and UK Pension Pools, including Border to Coast Pensions Partnership (BCPP). Its aim is to engage with companies to promote the highest standards of corporate governance and corporate responsibility amongst investee companies. By
4. Robeco is an international asset manager, also carrying out independent research on various ESG issues, which can contribute to a company's investment strategy. By providing regular sustainability reports, it reinforces the fact that good corporate governance and social responsibility can enhance the long-term risk-return profiles of our investment portfolios. Robeco has been appointed to provide voting and engagement services.

Outcomes Achieved through Company Engagement**LAPFF Engagement Outcomes**

The LAPFF had engaged with 145 companies on issues such as Climate Change, Human Rights and the Just Transition during the Quarter Ending 31 December 2020.

5. Auto Industry (Climate Action) – The LAPFF wrote to 6 vehicle manufacturers on how they are approaching the challenge of electrifying their fleets in line with the UK's ban on petrol/ diesel cars by 2030. BMW has openly set science-based targets for its Scope 1 & 2 emissions but has yet to set such targets for Scope 3 emissions. The company assured LAPFF that it is ready to meet a rise in demand for electric vehicles and that its own operations will be carbon neutral by next year by offsetting its carbon emissions in a number of ways. LAPFF has meetings organised for early 2020 with two other vehicle manufacturers to discuss these issues. LAPFF hopes to get manufacturers that haven't already, to set science-based targets for their scope 3 emissions and also wants to ensure that these companies are set up sufficiently to deal with the electrification of their fleets.
6. Standard Chartered (Climate Change) – LAPFF met with Standard Chartered to seek evidence of progress in the period to 2030 against the company's net zero targets. On progress to 2030, Standard Chartered has committed to net-zero emissions across its global properties by 2030 by sourcing energy from

renewable sources and pursuing energy efficiency measures. For scope 3, the company is working with clients to measure, monitor and reduce emissions in order to ensure alignment of the portfolio with Paris goals.

7. Investors for Opioid and Pharmaceutical Accountability (IOPA) – Forum representatives also regularly attend IOPA meetings and have flagged shareholder resolutions stemming from the initiative, both addressing the Opioid epidemic in the US as well as engaging with the companies on their approach to COVID-19.
8. BAE Systems (Human Rights) – The LAPFF met with BAE and found that at the moment the company appears to continue to focus on staff issues as its primary social indicator of performance, but doesn't acknowledge the human rights implication of its arms contracts. The LAPFF feels that continuation of this engagement is necessary and would consider engaging with government Post-Covid.

Robeco Engagement Outcomes

9. Robeco had voted at 1030 shareholder meetings, voting against at least one agenda item in 37% of cases during the quarter ending 31 December 2020.

Net Zero Carbon Emissions

Reason for Engagement

10. Robeco had begun a new engagement programme following the introduction of the new Net Zero Company Benchmark by Climate Action 100+. The aim of the programme is to encourage companies to begin a smooth decarbonization journey and thereby ensure their long-term license to operate. The programme focuses on both the energy producers as well as consumers, who are both essential for the transition.

Engagement Objectives

11. Robeco's Engagement Objectives cover the areas below;
 - Seeking to understand how companies view the transition, and what their main challenges are
 - They will inform the companies of their expectation to have strategies in place to decarbonise their business and the products they sell
 - Calling on companies to make science based commitments to climate action, ensure a just transition and improving disclosure on emissions-related metrics

Biodiversity Loss

Reason for Engagement

12. Biological diversity is the infrastructure which supports all life on Earth, underpinning the stock of natural capital and allowing societies and ecosystems to thrive. However, biodiversity is declining faster than at any other time in human history. Land use change, the overexploitation of

resources, ocean acidification and pollution are key drivers of biodiversity loss. Global warming is further accelerating the extinction of species and leading to rapid changes in ecosystems.

13. The three-year engagement program focuses on biodiversity loss driven by deforestation caused by production of five high-risk soft commodities: cocoa, natural rubber, soy, beef, and tropical timber and pulp. These commodities collectively account for more than half of tropical deforestation-related greenhouse gas emissions.

Engagement Objectives

14. Robeco's engagement dialogue covers companies whose production processes rely heavily on these commodities, encompassing different sectors such as consumer staples, consumer discretionary, healthcare and materials. The programme is centred around 5 key engagement objectives;
- Committing to a zero-deforestation policy and monitoring suppliers' compliance.
 - All soft commodities within the scope of the engagement program are produced in highly biodiverse, carbon-rich ecosystems. The second engagement objective focuses on companies' efforts to carry out a biodiversity impact assessment of their own operations and supply chains. This would allow them to account for biodiversity-related externalities and incorporate them in their decision-making processes.
 - Thirdly, encouraging companies to get involved in restoration and conservation projects at a landscape level. including in and around protected areas. For example, adopting more circular economy principles in their production cycles.
 - Fourthly, companies should provide clear reporting around the relevant topics and what progress has been made.
 - Lastly, focusing on the livelihoods of the communities where these commodities are being produced. By ensuring that farmers can earn a living from selling their produce, there is a lower incentive for them to expand their croplands or ranches to increase their production volumes, further converting and deforesting land.

Surrey Share Voting

15. The table below shows the total number of resolutions which Surrey was entitled to vote along with the number of contentious resolutions voted during the quarter.

16. Votes against Management by Resolution Category

Resolution Category	Total Resolutions	Voted Against Management	% votes Against Management	Average Shareholder Dissent %
Audit & Reporting	30	2	6.67%	0.86%
Board	115	10	8.70%	2.24%

Capital	48	5	10.42%	2.03%
Corporate Actions	8	2	25.00%	0.91%
Remuneration	27	11	40.74%	8.17%
Shareholder Rights	14	7	50.00%	1.57%
Sustainability	6	4	66.67%	7.56%
Total	248	41	16.53%	2.71%

Shareholder Proposed Resolutions/ Management Resolutions

17. Shareholder proposals are resolutions put forward by shareholders who want the board of a company to implement certain measures, for example around corporate governance, social and environmental practices. Although they are generally not binding, they are a powerful way to advocate publicly for change on policies such as climate change and often attract relatively high levels of votes against management.
18. Two of the high dissenting resolutions Surrey voted against management recommendation on were remuneration report approvals (Ferguson plc and MJ Gleeson Group plc) and two were shareholder proposals (BHP Group plc and Cisco Systems Inc). Despite best efforts, no management-proposed resolution was defeated, and no shareholder proposed resolution was successful for the QE 31 December 2020.

Impact Investing Principles for Pensions

19. The Impact Investing Principles for Pensions are set of Principles designed to assist pension schemes navigate and respond to the significant shift in understanding of environmental, social and governance (ESG) risks and opportunities. The Principles were designed by the Impact Investing Institute as well as Pensions for Purpose.
20. The Impact Investing Institute is an independent, non-profit organisation, which brought together two influential initiatives: the Government's Taskforce for Growing a Culture of Social Impact Investing in the UK and the UK National Advisory Board on Impact Investing. Impact Investing Institute was launched in 2019 with a simple mission: to accelerate the growth and improve the effectiveness of the impact investing market in the UK and internationally. We want to see more capital contributing to the well-being of people and the planet – as set out in the United Nation's Sustainable Development Goals.
21. Pensions for Purpose is a professional investment member network focused on directing capital towards sustainable and impact investments. The network brings influencer members (consultants, legal firms and asset managers) and affiliate members (pension funds and other institutional asset owners) together to find investable solutions to find investable solutions which align with the environment and society.
22. A commitment to the Principles ensures that the Fund continues to progress in its Commitment to the SDGs and integrating them through multiple aspects of its Investment Strategy, including through Engagement as well as Impact Investing.

Say on Climate Initiative

23. The Say on Climate Initiative was designed to address the issue that both investors and companies have, as of yet, not made significant enough progress to manage the low carbon transition. There is a growing recognition that every company should publish Climate Transition plans, and investors should do more to hold companies to account. The Fund's collaborative engagement forum, the Local Authority Pension Fund Forum has also publicly supported this initiative. Asset owners should take the following actions to ensure their asset managers are actively seeking to secure annual shareholder votes on company climate transition action plans as standard;

- Publicly endorse this concept your voice will help to ensure asset managers and companies realise this is increasingly recognised as good practice,
- Adopt this practice in your investment policy to set a clear expectation that asset managers will vote to ensure companies adopt this practice,
- Write to your asset managers to formally ask them to update their own policies accordingly, and reflect this approach in your Investment Management Agreements,
- Hire climate-competent investment consultants to ensure your advice includes an assessment of whether asset managers have adopted this practice and their wider voting record on climate resolutions.

CONSULTATION:

24. The Chairman of the Pension Fund has been consulted and fully supports the conclusions of the report.

RISK MANAGEMENT AND IMPLICATIONS:

25. There are no risk related issues contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

26. There are no financial and value for money implications.

DIRECTOR OF CORPORATE FINANCE COMMENTARY:

27. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

28. There are no legal implications or legislative requirements

EQUALITIES AND DIVERSITY:

29. The Company Engagement Review does not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

WHAT HAPPENS NEXT:

30. The Pension Fund continue to monitor the progress of the voting and engagement work carried out by the LAPFF and Robeco over the medium and long term, and how this can impact investment decisions.

Contact Officer:

Mamon Zaman, Senior Pensions Finance Specialist

Consulted:

Pension Fund Committee Chairman

Annexes:

Annexe 1 – Impact Investing Principles for Pension Schemes

Sources/background papers:

1. LAPFF Quarterly Engagement Report QE 31 December 2020
<http://www.lapfforum.org/publications/qrtly-engagement-reports/>
2. Robeco Active Ownership Report QE 31 December 2020
https://www.bordertocoast.org.uk/?dln_download_category=engagement

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Impact Investing Principles for Pensions

Adopter's statement for pension schemes



Impact Investing Principles for Pensions

We support the Impact Investing Principles for Pensions and commit to:

1. seek investment advice on an impact investing approach for our pension fund;
2. review environmental, social and governance impacts across our investment portfolio; and
3. consider available impact investment strategies.

We will be able to demonstrate action in one or several of these areas within six months of adopting the Principles and will recommit on an annual basis with evidence for how the Principles have been used.

Name / signature:

Date:

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SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE:** 12 MARCH 2021**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE**SUBJECT:** INVESTMENT CORE BELIEFS AND THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS**SUMMARY OF ISSUE:**

Strategic objectives	
Investment	Governance

This paper provides details of the progress made in developing the Surrey Pension Fund's investment strategy, consistent with the environmental, social and governance (ESG) commitment in its Mission Statement and with actions agreed in the Pension Fund Committee meeting of 11 December 2020.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee note the progress against the actions agreed in the Pension Fund Committee meeting of 11 December 2020.

REASON FOR RECOMMENDATIONS:

To keep the Pension Fund Committee apprised of the progress made in reviewing the Fund's investment strategy with a view to ensuring that it is in line with its Mission Statement and the emphasis on environmental, social and governance (ESG) considerations.

BACKGROUND:

1. At its meeting of 7 June 2019, the Pension Fund Committee approved the following mission statement:

"The Surrey Pension Fund will deliver a first-class service through strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community. Environmental, Social and Governance factors are fundamental to our approach which is underpinned by risk management, informed decision making, the use of technology and the highest standards of corporate governance".

2. Further to this, at its meeting of 20 December 2019, the Pension Fund Committee approved for a Committee sub-group to be convened to develop the Fund's responsible investment approach, consistent with the ESG commitment in its Mission Statement.

3. As a result of the findings of this Committee sub-group, the Fund had chosen to use the United Nations Sustainable Development Goals (SDGs) as a reference for Responsible Investment, as it represents a framework of universally agreed goals in which all countries within the United Nations should aim to achieve by 2030.
4. The Fund appointed Minerva Analytics to examine the existing Investment Portfolio holdings of Surrey Pension Fund and their relationship (positive/negative) to the SDGs, and identify the risks and opportunities associated with the analysis.
5. The Fund received a report from Minerva Analytics in its meeting of 11 December 2020. In response to this report and the Committee approved the following:
 - i) Having considered all aspects of incorporating ESG considerations into the investment approach, and in acknowledgement that there is no universally agreed approach in this area, agrees that the use of SDGs provides a forward thinking and comprehensive approach in referencing the transition to sustainability within the Fund's investment strategy.
 - ii) The Minerva Report provides sufficient assurance to enable a decision to move to the next stage of more detailed preparation and implementation.
 - iii) A request for further action from officers and, where appropriate, advisors, to cover the following areas:
 - Draft relevant changes to the Investment strategy.
 - Develop SDG into an engagement framework for companies as well as Investment Manager activity.
 - Work to incorporate SDG metrics in selecting, monitoring and evaluating investment managers.
 - Work with Border to Coast on developing SDG approach to Pooled assets.
 - iv) Agrees that officers provide the following updates for the next meeting:
 - Presentation of an implementation plan.
 - Propose the method by which progress on implementation is incorporated as part of all future investment strategy reviews.
 - Propose the timeline for the assessment and ongoing viability and effectiveness of this approach.

DETAILS:

Implementation plan

6. The implementation plan is the roadmap to develop the Fund's investment strategy, consistent with the ESG commitment in its Mission Statement. It consists of the following:

- Work with the Investment Consultant and Independent Advisor and present initial amendments to the Fund's Investment Strategy Statement.
- Work to incorporate SDG metrics in selecting, monitoring and evaluating investment managers.
- Develop SDGs into an engagement framework for companies as well as Investment Manager activity, concentrating on the Fund's principal providers of investment products, Legal and General Investment Managers (LGIM) and Border to Coast.

Work with Investment Consultant and present initial amendments to the Fund's Investment Strategy Statement

7. Discussions are ongoing with the investment consultant, Mercer, the independent advisor, MJ Hudson, Minerva Analytics and Border to Coast to articulate amendments to the Fund's Investment Strategy. A first draft review will be presented to the Pension Fund Committee at its meeting of 11 June 2021.

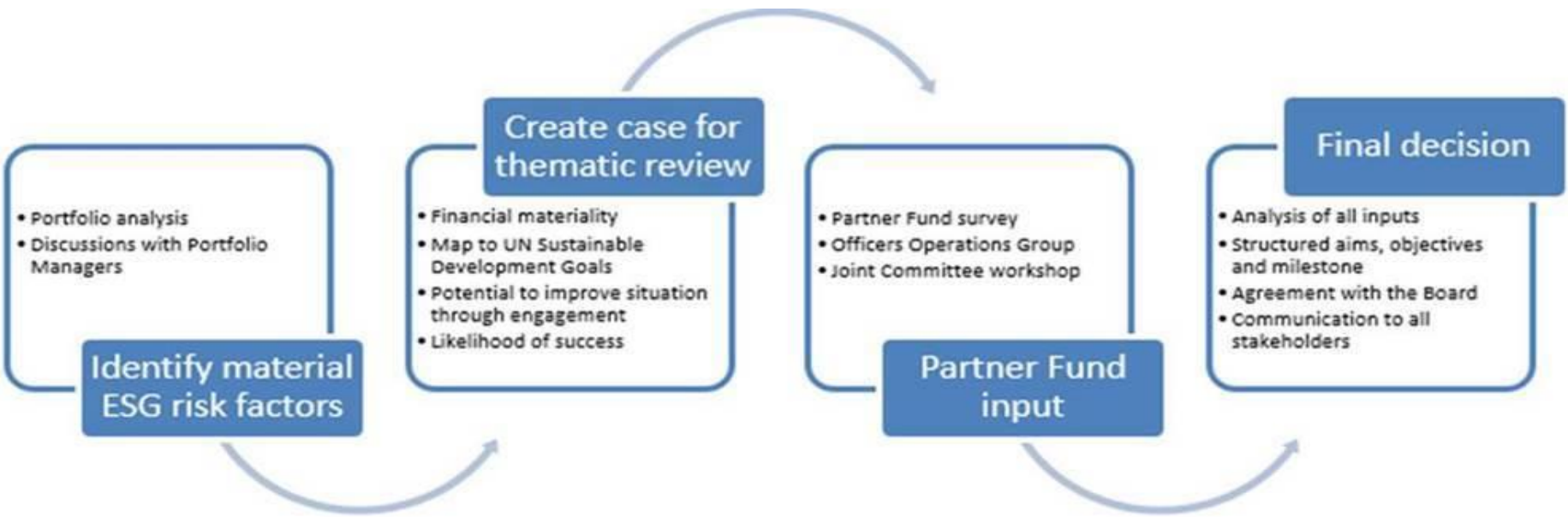
Work to incorporate SDG metrics in selecting, monitoring and evaluating investment managers

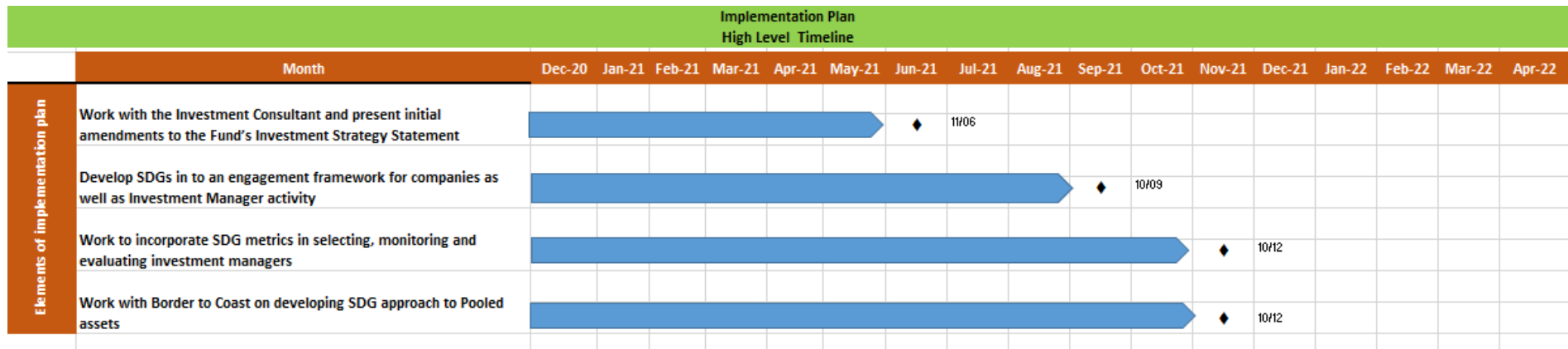
8. The Fund opted to use the World Benchmarking Alliance (WBA) SDG2000 to assess its starting position in understanding which companies have the potential to shift the dial in delivering the SDGs, if they were managed with the highest levels of corporate governance. The Benchmark was used to provide a starting position as opposed to being used for assessing periodic progress.
9. While the WBA SDG 2000 benchmark is helpful in establishing a starting position, it does not currently have a sufficiently mature data set to provide a completely reliable metric for the ongoing evaluation and monitoring of investment managers across all 17 UN SDGs.
10. Some of the UN SDGs have more established metrics to allow ongoing evaluation and work in these areas will be prioritised. One example of this is SDG 13 (Climate Action).
11. The Fund can use its reporting on the Taskforce for Climate Related Financial Disclosures (TCFD) to address SDG 13, and will aim to report on more Climate Related disclosures on a periodic basis beginning from Financial Year ending 2020-21. This obligation to report against TCFD will then become a mandatory requirement for UK Pension Funds in 2021-22.
12. In respect of SDG 13, the Fund will also continue to work with Border to Coast on how it utilises climate related metrics when evaluating and monitoring investment managers, as well as feed into their work to establish a standalone climate change policy.
13. The Fund will continue to explore how other metrics for other UN SDGs can be incorporated in monitoring and evaluating investment managers. Examples of this are impact related measurement tools, associated with the adoption of the Impact Investing Principles (referenced in Company Engagement report) and how they can be used to select, monitor and evaluate investment managers. The Fund will also work with Border to Coast, as part of its thematic review of

the scope for mapping the SDGs in the investment process, as outlined further in the next section of this report.

Develop SDGs into an engagement framework for companies as well as Investment Manager activity, concentrating on the Fund's principal providers of investment products, Legal and General Investment Managers (LGIM) and Border to Coast

- 7
14. As part of its pooling commitment, the Fund has embarked on transitioning all of its actively managed listed and legacy unlisted assets to Border to Coast. In the future all assets will be managed by Border to Coast, with only indexed assets excluded from this commitment. The Fund's current provider of indexed assets is LGIM, therefore, the work to develop SDGs into an engagement framework for companies will concentrate on LGIM and Border to Coast.
 15. The Fund has had initial conversations with LGIM, exploring options to more closely incorporate the SDGs in its investment approach.
 16. The Fund has considered LGIM's engagement approach through their Future World Framework. This provides both a robust and measurable framework for assessing the effectiveness of their engagement with companies. The Future World Framework engages on key sustainability themes, which are considered essential elements of the 'Future World' and which the Fund feels closely aligns with the SDGs, including but not limited to:
 - Climate Change Energy (SDG 7: Affordable and Clean Energy, SDG 13: Climate Action).
 - Biodiversity (SDG 14: Life below Water, SDG 15: Life on Land).
 - Waste (SDG 12: Responsible Consumption and Production).
 - Water (SDG 6: Clean Water and Sanitation).
 - Human Rights (SDG 10: Reduced Inequalities).
 - General Population (SDG 11: Responsible Cities and Communities).
 17. The Fund has also held discussions with Border to Coast on implementation considerations of the Pool's engagement approach.
 18. As part of Border to Coast's Responsible Investment 3 Year Strategic Plan, Border to Coast will select engagement themes for the Annual Responsible Investment Policy Review based on three key principles going forward:
 - That progress in these areas would be expected to have a material financial impact on our investment portfolios in the long-term.
 - That the voice of Partner Funds should be a part of the decision.
 - That ambitious but achievable milestones can be set through which we can measure progress over the period.





The method by which progress on implementation is incorporated as part of all future investment strategy reviews/ the timeline for the assessment and ongoing viability and effectiveness of this approach

- 19. As both the SDGs and Impact measurements are very much in their early stages, it may be too early to set a timescale on assessing the appropriateness (or lack of) in using the SDGs as an Investment Framework from the Fund's perspective. However, as this is a subject of considerable interest to our stakeholders, it is proposed the Committee review developments and the progress of the Implementation Plan on an ongoing basis, reported formally through Pension Fund Committee meetings.
- 20. The Fund expects metrics to only improve in their robustness and usability over the coming years as more Asset Managers meet the demand of Asset Owners in seeking sustainable investment products.
- 21. The Fund will continue to assess the effectiveness and practicality of the metrics on a periodic basis, when new measurements are available. This can be assessed triennially in line with its Investment Strategy Reviews and Triennial Valuation timescales.

CONSULTATION:

22. The Chairman of the Pension Fund Committee has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

23. The consideration of risk related issues, including investment, governance and reputational risk, are an integral part of this project and will be considered as part of the project development.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

24. There are no financial and value for money implications contained in this report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY:

25. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

26. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

27. There are no equality or diversity issues.

WHAT HAPPENS NEXT

28. The following next steps are planned:

- Officers to continue to work with the investment consultant, Mercer, the independent advisor, MJ Hudson, Minerva Analytics and Border to Coast on the implementation of recommendations.

Contact Officer:

Neil Mason, Strategic Finance Manager (Pensions),
Mamon Zaman, Senior Pensions Finance Specialist

Consulted:

Pension Fund Committee Chairman

Annexes:

None

Sources/background papers:

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SURREY COUNTY COUNCIL

PENSION FUND COMMITTEE



DATE: 12 MARCH 2021

LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE

SUBJECT: LOCAL PENSION BOARD REPORT

SUMMARY OF ISSUE:

Strategic objectives	
Governance	Delivery

This report provides a summary of administration and governance issues reviewed by the Local Pension Board at its last meeting for noting or action by the Pension Fund Committee.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Approves amendments to the Local Pension Board Terms of Reference (shown as Annexe 1).
2. Notes the notes of the informal Local Pension Board meeting of 11th February 2021 (shown as Annexe 2).
3. Approves the following changes to the risk register (Shown as Annexe 3): risks (A8), Head of Pension Administration leaving, (A20) and moving out of County Hall (A22) in the Administration Risk Register (background paper).
4. Note that the conflicts between the Restriction of Public Sector Exit Payments Regulations 2020 and the Local Government Pension Scheme Regulations 2013 have, at least temporarily, been resolved. The Government has disapplied the exit cap and promised to revoke it in due course; however, it is still looking at ways of reducing exit payments.

REASONS FOR RECOMMENDATIONS:

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Manager in securing compliance with the LGPS Regulations and requirements imposed by the Pensions Regulator. This report provides the Pension Fund Committee with insight into the activities of the Local Board and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

This meets the Fund's strategic governance and delivery objectives.

Governance of the Local Pension Board

1. Due to failing to meet the quorum, as stated in the Terms of Reference, the Local Board meeting was on an informal basis, with no official minutes taken.
2. It is noted that the quorum for meetings of Council Committees is lower than that of the Local Pension Board at ¼ of Committee membership, with a minimum of 3.
3. To ensure that the quorum can more easily be met for future Local Pension Board meetings, it is recommended that the quorum is amended in the Local Pension Board Terms of Reference (see Annexe 1) so that it consistent with Council Committees.

ESG Training

4. Minerva Analytics delivered an accomplished presentation on environment and social governance (ESG) issues. This covered the material previously presented to the Pension Fund Committee.

Action Tracker

5. Most of the old frozen refunds have been traced and the Pension Fund is waiting for confirmation from HSBC that an escrow style account has been set up (A1/20).
6. Work on the new starter process (A14/20) is ongoing. A key change is a check against the national insurance data base in relation to prior service with the LGPS, rather than relying on members for this information.

Administration Update Report

7. Deaths, retirements and refunds have been prioritised since the beginning of the pandemic. Weekly reporting has been introduced in order to monitor progress in the key processes. The Administration Team is working to refine the way it collates and reports statistics, in particular to highlight the aging of outstanding items.
8. The Corporate Complaints database is used to record and respond to complaints received and customers can interrogate the system to monitor progress. It was noted the number of complaints received is low in comparison to the volume of work processed.
9. The Pensions Helpdesk has recruited six new agents to help it address the backlog and aims to be back to their 3-day response SLA by April.
10. The Engagement and Education Team's Communications and Training Plan for 2021 for scheme members and employers has been produced. The Board commented favourably on the annual calendar and the samples of newsletters and other communications.

£95K Exit Cap

11. The contingency plans for handling the issues arising from the introduction of the exit cap were superseded when the Government disappplied it on 12th February 2021 with the intention of completely revoking it.
-

Frozen Refund Project

12. There are still a number of potential refunds outstanding, despite address tracing, and the remaining cases are being checked against the National Insurance data base to verify whether the remaining cases are entitled to a refund or not.

Administration Software procurement

13. Heywood Aquilla has won the competitive tender and will provide administration software for the next five years. This is an important development to provide the stability to allow improvements in the Administration function. A new reporting module "Insights" will be implemented as part of the contract which may help with improved KPI reporting.

Legacy Removal

14. About 17,000 cases have been fully remediated between the Mercers and Surrey teams, with about 1,600 to 1,700 cases still to go. Quality assurance checks were incorporated into the programme.

Automation

15. The iConnect and Altair Enhanced Admin to Pay systems have been implemented. These systems are important to streamline the alignment of the pension and payroll systems and is ready to receive payroll data.

Process Improvement

16. A project has been completed to review the handling of death cases, an important and sensitive area of service. The next priority is to review the handling of transfers in and out.

Horizon Planning

17. The Board reviewed the key projects for 2021/22 including address tracing, McCloud, end-of-year annual benefit statements, annual allowances, audit work and pension increases.

Administration Performance Report

18. There were 2,334 new starters, which compares with 1,600 in the same quarter last year. The numbers of transfers-in of all complexions were low in comparison to the large number of new starters, which suggested that the new starter process was not working properly, hence the revised process to obtain information from the national insurance data base.
19. Although only 164 (77%) of initial death notifications were completed within service level agreement (SLA) this quarter, a significant number of backlog cases were also cleared.
20. Two other key priorities are the first stages of retirement and ill-health retirement, which are critical elements that require the bulk of the work. It is hoped that the percentages completed within SLA, which were 67% and 37%, respectively, can be improved upon in future quarters.

21. The death process has been overhauled and the new starter process is being reviewed. The changes are designed to facilitate better performance in the future

Risk Registers

22. The weightings of the risks: conflicting priorities (A8), Head of Pension Administration leaving (A20) and moving out of County Hall (A22) in the Administration Risk Register have been updated in light of current conditions. The Board approved the changes in weighting.

Communication Policy

23. The Board welcomed the new communication policy (shown as Annexe 4), noting it was comprehensive and well prepared.

Compliance with the Regulator's Code of Practice

24. The Board reviewed the latest assessment which showed the Fund is making good progress in most areas, with a limited number of areas for attention.

National Knowledge Assessment Results and Training Plan

25. The Board noted that the Board and the Committee had performed well in comparison to other funds. Hymans Robertson assembled training from a variety of sources to drive improved governance in local government, drawing on the CIPFA 2013 Code of Practice on Public Sector Pensions, Finance Knowledge and Skills and the SAB Good Governance Report Phase 2 (Phase 3 is anticipated shortly).

26. The Board asked for specific training on the Market in Financial Instruments Directive 2 (MIFID 2) and structured training by the actuary, including a training session on the Fund's own investment strategy to be incorporated into the training plan.

Annual Benefit Statements (ABS)

27. 46 active members' annual benefit statements missed the 31st August deadline; however, at less than 0.2% they were well within the 5% permitted so the Board did not regard it as material and, consequently, it is not necessary to report it to the Pension Regulator.

Pension Savings Statement (Accounting for Tax)

28. Four out of ninety-five active statements and seven deferred pension savings statements missed the 6th October deadline. All were issued by 15th October. The main risk is members forgetting to pay the tax through their annual tax return but this potential lapse is mitigated by charges in excess of £2,000 being paid by the scheme and recovered from the member's retirement benefits and the Fund exercising its discretion to extend scheme pays to member's with tax charges of less than £2,000. The Board felt that this error was not material and, therefore, this is no need to report it to the Pension Regulator.

Turnaround Board Update

29. The Turnaround Board focuses on six key projects; The PAT is compiled of six projects;

-
- Dissolution of the Orbis pension administration
 - SCC sovereign return
 - ESCC sovereign return
 - Systems procurement
 - On-going relationships with existing Orbis partners
 - On-going relationship with Surrey Fire and Rescue service (SFRS)

The Turnaround Board reports to the Local Pension Board and the Pension Fund Committee at their quarterly meetings.

CONSULTATION:

30. The Chairmen of the Pension Fund Committee and the Local Pension Board have been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

31. Risk related issues have been discussed and are included within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

32. The performance of the Pensions Administration function does present potential financial and value for money implications to the Pension Fund. The monitoring of these implications is discussed within the report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

33. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

34. A Local Pension Board is a requirement under the Public Service Pensions Act 2013. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

35. The approval of the various options will not require an equality analysis, as there is no major policy, project or function being created or changed.

WHAT HAPPENS NEXT

36. The following next steps are planned:
- Monitor the progress of the pension administration turnaround board (PAT).
 - Receive further reports and continue collaboration between the Pension Fund Committee and Local Pension Board.

Report contact: John Smith, Pension Governance and Employer Manager

Contact details: T: 020 8213 2700 E-mail: john.smith@surreycc.gov.uk

Annexes:

1. Local Pension Board Terms of Reference (tracked changes).
2. Notes of the informal Local Pension Board meeting 11 February 2021.
3. Administration Risk Register.
4. Communications Policy.

Sources/background papers:

THE SURREY LOCAL PENSION BOARD

TERMS OF REFERENCE



Surrey Local Pension Board

Membership: Total Ten

Four employee representatives

Four employer representatives

The Local Pension Board may also contain two other members

8

Terms of Reference

1. Introduction

- 1.1 This document sets out the terms of reference of the Local Pension Board of Surrey County Council (the 'Administering Authority') as Scheme Manager, as defined under Section 4 of the Public Service Act 2013.
- 1.2 The Local Pension Board is established in accordance with Section 5 of that Act and under Regulation 106 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

2. Role of the Local Pension Board

- 2.1 The role of the local Pension Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the County Council as Administering Authority:
 - (a) to secure compliance with:
 - (i) the scheme regulations;
 - (ii) any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
 - (iii) any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.
 - (b) to ensure the effective and efficient governance and administration of the LGPS Scheme.
- 2.2 The Local Pension Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Local Pension Board will also help ensure that the Surrey Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

Annex 1

2.4 The Local Pension Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

2.5 The Local Pension Board should always act within its terms of reference.

3. Establishment of the Local Pension Board

3.1 The Local Pension Board is established on 1 April 2015, subsequent to approval by Surrey County Council on 17 March 2015.

4. Appointment of members of the Local Pension Board and voting rights of Local Pension Board members

4.1 The composition of the members of the Local Pension Board is as follows:

The Local Pension Board shall consist of at least eight members and may contain up to 10 members. It shall be constituted as follows:

- i) Four employer representatives;
- ii) Four scheme member (employee) representatives;
- iii) The Local Pension Board may also contain two independent members.

4.2 The Local Pension Board shall be constituted as follows:

- Employer representatives
 - 2 x Surrey County Councillors
 - 2 x other employer representatives to come from nominations from other employers in the fund (e.g. District, Borough and Parish Councils, Academies, Police and other scheduled or admitted body employers in the Surrey Pension Fund).
- Member representatives
 - 1 x GMB nominated representative
 - 1 x Unison nominated representative
 - 2 x other member representatives
- The Local Pension Board may also contain other members
 - 2 x members from an external source (to be recommended by the appointment panel).

4.3 Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Local Pension Board membership.

4.4 No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Local Pension Board.

4.5 Each Local Pension Board member so appointed shall serve for the life of the current Surrey County Council, a defined, fixed period which can be extended for further periods subject to re-nomination.

4.6 Each Local Pension Board member should endeavour to attend all Board meetings during the year. Substitutes will be permitted to attend on behalf of absent Local Pension Board members.

4.7 Each employer representative on the Local Pension Board should be able to demonstrate their capacity to represent scheme employers of the Surrey Pension Fund.

Annex 1

- 4.8 Each member representative on the Local Pension Board should be able to demonstrate their capacity to represent scheme members of the Surrey Pension Fund.
- 4.9 Each Local Pension Board member should participate in training when required.
- 4.10 Members of the Local Pension Board shall be appointed by the Scheme Manager through the People, Performance and Development Committee and in accordance with the Appointment and Termination Process.
- 4.11 The Appointment Panel shall be made up of the following:
- the Chairman of the Pension Fund Board
 - the Director of Finance (or her nominee)
 - the Strategic Finance Manager (Pension Fund and Treasury)
 - the Director of Legal and Democratic Services (or her nominee)
- 4.12 Each employer representative and member representative of the Local Pension Board will have an individual vote on any matter needing a decision. Independent Members of the Local Pension Board do not have voting rights. It is expected that the Local Pension Board will, as far as possible, reach a consensus.

5. **Appointment and duties of the Chair and Vice Chair of the Local Pension Board**

- 5.1 A Chairman and Vice Chairman of the Local Pension Board to be appointed by the Scheme Manager through the People, Performance and Development Committee and in accordance with the Appointment Process.
- 5.2 It will be the role of the Chairman of the Local Pension Board to ensure that all members of the Local Pension Board show due respect for process, that all views are fully heard and considered, and to determine when consensus has been met.
- 5.3 The full responsibilities of the Chairman of the Local Pension Board are contained in the **Chairman of the Local Pension Board role description**.
- 5.4 The Vice Chairman shall undertake the duties of the Chairman in the event of the Chairman's absence.

6. **Notifications of appointments to the Local Pension Board**

- 6.1 When appointments to the Local Pension Board have been made, the Scheme Manager shall publish the name of the Local Pension Board members, the process followed in the appointment together with the way in which the appointment supports the effective delivery of the purpose of the Local Pension Board.

7. **Termination of membership of the Local Pension Board**

- 7.1 Any termination of membership of the Local Pension Board will be in accordance with the **Appointment and Termination Process**.
- 7.2 Membership of the Local Pension Board may be terminated due to:
- i) a member representative appointed on the basis of their membership of the scheme no longer being a scheme member of the Fund;

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- ii) an employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
- iii) a Local Pension Board member no longer being able to demonstrate to the Scheme Manager their capacity to attend and prepare for meetings or to participate in required training or otherwise to carry out the requirements of the role appropriately;
- iv) a Local Pension Board member having a conflict of interest which cannot be managed in accordance with the Local Pension Boards **Code of Conduct and Conflict of Interest Policy**;
- v) a Local Pension Board member becomes responsible for the discharge of any function of the Administering Authority under the Regulations;
- vi) the Scheme Manager may at its discretion terminate the membership of a Local Pension Board member if it believes that it appropriate and is consistent with the role of the Local Pension Board to do so.

8. Conflict of Interests

- 8.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interest Policy** which will be adopted by the Local Pension Board and by which members of the Local Pension Board will need to abide. Members of the Local Pension Board will provide any information the Scheme Manager reasonably requires from time to time to ensure that members do not have a conflict of interest.

9. Knowledge and Skills

- 9.1 In accordance with section 248A of the Pensions Act 2004 (“the 2004 Act”), every individual who is a member of a Local Pension Board must be conversant with:
- i) the regulations governing the LGPS; and
 - ii) any document or policy about the administration of the Fund.
- 9.2 Local Pension Board members should also have a knowledge and understanding of:
- i) the law relating to pensions; and
 - ii) such other matters as may be prescribed
- 9.3 The Local Pension Board shall adhere to the Scheme Manager’s **Attendance and Knowledge and Understanding Policy** to address the knowledge and skills requirements that apply to Local Pension Board members under the 2004 Act.
- 9.4 It is for individual Local Pension Board members to ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.
- 9.5 In line with this requirement, Local Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Local Pension Board members are therefore required to maintain a written record of relevant training and development.
- 9.6 Local Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. Local Pension Board members will comply with the Scheme Manager’s **Attendance and Knowledge and Understanding Policy**.

10. Local Pension Board Meetings: Notice and Public Access to Local Pension Board Meetings and Information

- 10.1 There will be a sufficient number of meetings to enable the Local Pension Board to discharge its functions effectively, as decided by the Chairman of the Local Pension Board with the consent of the Local Pension Board members, and no fewer than two Local Pension Board meetings a year.
- 10.2 The Scheme Manager shall give notice to all Local Pension Board members of every meeting of the Local Pension Board, which will be held in public (apart from confidential matters). All members will be normally be sent an agenda and papers at least five working days before the meeting unless an urgent meeting is required.
- 10.3 Any meeting of the Local Pension Board will include provision for confidential matters or matters that would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 to be dealt with privately in Part 2 and any documents in connection with such matters will be dealt with confidentially.
- 10.4 The Scheme Manager shall ensure that a formal record of Local Pension Board proceedings is maintained. Following the approval of the minutes by the Chairman of the Local Pension Board, they shall be circulated to all members.
- 10.5 All agendas, reports and minutes will be available on the website except for any confidential or exempt matters.
- 10.6 In accordance with the Public Service Pensions Act 2013, the Administering Authority shall publish information about the Local Pension Board to include:
- i) the names of the Local Pension Board members and their contact details;
 - ii) the representatives of employers and members of the Local Pension Board;
 - iii) the role of the Local Pension Board;
 - iv) the Terms of Reference.

11. Quorum

- 11.1 The Local Pension Board shall have a quorum of a quarter of the membership, or no fewer than three members which should always include the Chairman or the Vice Chairman, at least one employer representative and at least one member representative.

12. Local Pension Board Costs and Budget

- 12.1 The Local Pension Board is to be provided with adequate resources to fulfil its role. In doing so, the budget for the Local Pension Board will be met from the Surrey Pension Fund.
- 12.2 The Local Pension Board will seek approval from the Director of Finance for any expenditure it wishes to make.

13. Core Functions of the Local Pension Board

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- 13.1 The first core function of the Local Pension Board is to assist the Scheme Manager in securing compliance with the Regulations, any other legislation relating to the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme.
- 13.2 The second core function of the Local Pension Board is to ensure the effective and efficient governance and administration of the Scheme.
- 13.3 In support of its core functions the Local Pension Board may request information from the Surrey Pension Fund Committee with regard to any aspect of the Scheme Manager function. Any such request should be reasonably complied with.
- 13.4 The Local Pension Board may make recommendations to the Surrey Pension Fund Committee. This recommendations should be given due consideration and a response made to the Local Pension Board within a reasonable period of time.

14. Reporting Arrangements

- 14.1 The Local Pension Board should report to the Surrey Pension Fund Committee in the first instance.
- 14.2 On receipt of a report from the Local Pension Board, the Surrey Pension Fund Committee should consider and respond to the Local Pension Board within a reasonable period of time.
- 14.3 Where the Local Pension Board is satisfied that there has been a breach of regulation which is reported to the Surrey Pension Fund Committee and is not been rectified within a reasonable period of time the Local Pension Board has a duty to escalate this perceived breach
- 14.4 The appropriate internal route for escalation is the Strategic Finance Manager, Pension Fund and Treasury.
- 14.5 The Local Pension Board may report concerns to the LGPS Scheme Advisory Board subsequent to the internal route for escalation.
- 14.6 Local Pension Board members are subject to the requirement to report breaches of law to the Pension Regulator under the Act and the Code,

15. Local Pension Board Review Process

- 15.1 The Local Pension Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Local Pension Board's performance.

16. Advisors to the Board

- 16.1 The Local Pension Board may be supported in its role and responsibilities through the appointment of advisors and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisors to the Local Pension Board and on such terms as it shall see fit to help better perform its duties including:
 - i) any Governance Advisor
 - ii) the Fund's Actuary;
 - iii) the Fund's Administrator;
 - iv) the Fund's Legal Advisor;

Annex 1

- v) the Fund's Investment Manager(s);
- vi) the Fund's Investment Advisor(s);
- vii) the Fund's Employer Covenant Advisor;
- viii) the Scheme Manager;
- ix) other advisors as approved by the Scheme Manager.

17. Code of Conduct

- 17.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interests Policy** which will be adopted by the Local Pension Board and which members of the Local Pension Board will need to abide by.

18. Data Protection and Freedom of Information

- 18.1 The Local Pension Board and its members will need to comply with the Scheme Manager's Data Protection and Freedom of Information Policy.

19. Accountability

- 19.1 The Local Pension Board will be collectively and individually accountable to the Scheme Manager and to the Pensions Regulator.

20. Acceptance and Review of Terms of Reference

- 20.1 These Terms of Reference will be reviewed on each amendment to those parts of the Regulations covering Local Pension Boards.
- 20.2 The Terms of Reference was adopted on 17 March 2015
- 20.3 Version 3 of the Terms of Reference was adopted on 12 March 2021
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NOTES of the remote (Teams) meeting of the **SURREY LOCAL PENSION BOARD – INFORMAL** held at 10.00 am on 11 February 2021.

Members:

(Present = *)

- * Paul Bundy
- * Mr Nick Harrison (Chairman)
David Stewart
Trevor Willington
- * Siobhan Kennedy
Fiona Skene
Rohit Dara

Due to being inquorate this meeting was changed from a formal to informal meeting.

1 APOLOGIES FOR ABSENCE

Apologies were received from Trevor Willington and Fiona Skene.

2 MINUTES FROM THE PREVIOUS MEETING: 12 NOVEMBER 2020

The minutes were noted by the Board with the amendment that Paul Bundy had given apologies and were to be agreed at the next formal public meeting.

3 ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) TRAINING

David Crum from Minerva, provided a training session to the Board on ESG and Fund specific work on Sustainable Development Goals (SDG).

4 ACTION TRACKER AND FORWARD PLAN

Witnesses:

John Smith, Pensions Governance and Employer Manager
Clare Chambers, Pensions Service Delivery Manager

Key points raised in the discussion:

1. A1/20 – The Pensions Governance and Employer Manager updated the Board on the Escrow account and that required information had been re-sent a few weeks ago and the bank is being reminded weekly to action.
2. A14/20 – The Pensions Service Delivery Manager explained that this related to the transfer of previous pension benefits and that the service check with the national database rather than relying on new members to let them know they have previous pension benefits.
3. A18/20 – To be marked as completed.

Actions/further information to be provided:

A14/20 and A18/20 – To be marked as completed.

5 ADMINISTRATION UPDATE

Witnesses:

Clare Chambers, Pensions Service Delivery Manager

Tom Lewis, Pensions Support and Development Manager
Siva Sanmugarajah, Pensions Process Manager

Key points raised in the discussion:

1. The Pensions Service Delivery Manager gave an overview of the submitted report. In response to a question relating to paragraph 21 of the report she explained the rationale for asking members to telephone rather than email in that it reduced the back and forth and the issue could be dealt with much quicker.
2. The Board asked various questions around the complaints process and whether the definition of a complaint was broad enough and whether a complaint was recognisable rather than a service query. It was also asked if the 2% response rate to the customer satisfaction survey was a representative figure. The Pensions Service Delivery Manager stated that all issues identified as a complaint was treated as such. Also, it was difficult to judge the 2% response rate as people normally only respond to surveys if they had had an excellent or very poor service.
3. The Pensions Support and Development Manager explained about the legacy removals and that there were 1600 to 1700 cases still to go and that information had been given to Mercer to process. He also reported that the team were looking at where the bottleneck was in terms of processing transfers and would have a better understanding of this in time for the next meeting of the Board.
4. The Board recognised the good progress made despite the pandemic.

Actions/further information to be provided:

None.

6 ADMINISTRATION PERFORMANCE REPORT

Witnesses:

John Smith, Pensions Governance and Employer Manager

Key points raised in the discussion:

1. There continue to be very large numbers of new starters, despite the lock down, but there are very low volumes of local government/non-local government transfers-in in comparison. It was noted that the transfer process has been highlighted as the next area to address.
2. The performance indicators for the first stages of deaths and retirements, which are key priorities, leave room for improvement.
3. The Board considered the latest performance report and recognised that there was a need to confirm how far the team should chase responses from spouses/survivors of very old death cases and the criteria for closing a case at a managerial level if no response was forthcoming.
4. The Board noted and commented favourably on the communications calendar and the samples of communications and newsletters in the annexes.

Actions/further information to be provided:

None.

7 RISK REGISTERS 2020/21

Witnesses:

John Smith, Pensions Governance and Employer Manager
Ayaz Malik, Pensions Finance Specialist
Clare Chambers, Pensions Service Delivery Manager
Tom Lewis, Pensions Support and Development Manager

Key points raised in the discussion:

1. The Pensions Finance Specialist informed the Board that there were a few minor changes to the administration risk register this quarter. Risk ratings were changed from red to amber for risk A8 (conflicting priorities), A20(head of Pensions Administration leaving the Council) and A22 (move of County Hall).
2. In response to a query about future home working for existing and new staff, the Pensions Support and Development Manager explained that there would be a combination of office and home working going forward and that staff may be spending only two days in the office.
3. Discussing risk A20, the Pensions Finance Specialist explained the rating changed from Red to Amber, as the Administration team recruited two senior managers. Pensions Support and Development Manager advised the Board there was also a combination of new administration and fund roles within the team.

Actions/further information to be provided:

The risk register will be presented to the Pension Fund Committee for approval.

8 COMMUNICATION POLICY

Witnesses:

Ayaz Malik, Pensions Finance Specialist
Amanda Jupp, Pensions Engagement & Education Lead
Clare Chambers, Pensions Service Delivery Manager
Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Pensions Finance Specialist introduced the Communication Policy to the Board and the Pensions Engagement & Education Lead went through the communication plan as in appendix 1 to the annex.
2. In relation to the communication plan there was some discussion around breaches. The Pensions Engagement & Education Lead explained that there may have been some lapses in quality due to the Covid outbreak. The Pensions Service Delivery Manager confirmed these shortcomings will be looked into.
3. The Board welcomed and approved the policy which was thorough and comprehensive.

Actions/further information to be provided:

To consider the position in relation to the breaches.

9 COMPLIANCE WITH REGULATOR'S CODE OF PRACTICE

Witnesses:

Ayaz Malik, Pensions Finance Specialist

Key points raised in the discussion:

1. The Pensions Finance Specialist introduced the report and reported the Fund is making good progress in most areas. He highlighted a limited number of areas for attention, which the Fund will prioritise.
2. One of the areas highlighted was for new Board members to complete The Pensions Regulator (tPR) Induction training.
3. There was some discussion around training and type of training members should attend. Members were encouraged to attend LGA training and to advise the Pensions Finance Specialist if they attend any online webinars so this could be logged into members training log.
4. Members enquired about Pensions Fundamentals training and were advised by the Pensions Finance Specialist dates and location will be shared once it is published by LGA.
5. It was also agreed that a discussion would take place outside of the meeting regarding what training was available to the Board.

Actions/further information to be provided:

In view of the good progress and the reduced areas for attention, it was agreed to revert to the Board receiving an annual review, rather than six monthly and update the forward plan accordingly.

10 NATIONAL KNOWLEDGE ASSESSMENT (NKA)

Witnesses:

Ayaz Malik, Pensions Finance Specialist

Key points raised in the discussion:

1. The Pensions Finance Specialist outlined the results of the NKA which showed the Board and Committee had performed well in comparison to other Funds. The NKA had identified areas where Board members could benefit from additional training, with one being actuarial methods. The Pensions Finance Specialist advised the Board that the Fund is liaising with the actuary to organise a training session in June. The Board asked whether an update on MIFID II was required and would welcome a training session on the Fund's own investment strategy. The training plan proposed was noted by the Board.

Actions/further information to be provided:

1. Consider Incorporation of the training plan from the NKA report into the Fund's annual training plan.

10 RECENT LGPS DEVELOPMENTS

Witnesses:

John Smith, Pensions Governance and Employer Manager

Key points raised in the discussion:

The Pensions Governance and Employer Manager highlighted paragraphs 12 (new transfer factors), 14 to 16 (Guaranteed Minimum Pensions) and 18 (the 2021 Pensions Increase award).

Actions/further information to be provided:

None.

11 REVIEW OF IDRP CASES

Witnesses:

John Smith, Pensions Governance and Employer Manager

Key points raised in the discussion:

Members noted the report.

Actions/further information to be provided:

None.

PART 2

12 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 13 MARCH 2020

Witnesses:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager (Pensions) explained that this report was considered to be a Part 2 report. He highlighted paragraph 22 of the submitted report that related to the changes in Partner Fund investment strategies which had been broadly in line with expectations and the investment within Border to Coast funds was broadly in line with the investment strategy expectations.
2. The Strategic Finance Manager (Pensions) outlined the expected development in the Border to Coast funds over 2021 and 2022.

Actions/further information to be provided:

None.

13 BREACHES - ABS

Witnesses:

John Smith, Pensions Governance and Employer Manager
Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

The Pensions Governance and Employer Manager reported that annual benefit statement (ABS) performance had improved over the last two years and the Strategic Finance

Annex 2

Manager (Pensions) explained the traffic light system used to judge whether a material breach had occurred.

The Board members present agreed that there was no material breach and , therefore, recommended to note but not report.

Actions/further information to be provided:

None.

14 BREACHES – ACCOUNTING FOR TAX

Witnesses:

John Smith, Pensions Governance and Employer Manager

Key points raised in the discussion:

The Board considered the report and the mitigating factors and decided that it was not a material breach and, therefore, recommended to note but not report.

Actions/further information to be provided:

None.

15 TURNAROUND

Witnesses:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

The Strategic Finance Manager (Pensions) explained that the dates were now finalised for the London boroughs leaving the Orbis arrangements, and that the “Turnaround” was moving on to “Transformation”.

Actions/further information to be provided:

None.

The meeting closed at 13.09pm.

Risk group	Risk Ref.	Risk Description	Risk Owner	Inherent Risk					Total risk score	Control actions	Residual risk					Reviewed on	Changes made during review	
				Impact							Likely							
				Fin	Service	Reput	Total	Likely			Fin	Service	Reput	Total	Likely			
	A1	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	Nick Weaver (NW)	4	1	3	8	3	24	TREAT 1) Update and enforce admin strategy to assure employer reporting compliance 2) Implementation and monitoring of a Data Improvement Plan as part of the Service Specification between the Fund and Orbis TOLERATE 1) Northern Trust provides 3rd party validation of performance and valuation data. 2) Pension Fund team, Pension Fund Committee and Local Board members are able to interrogate data to ensure accuracy.	3	1	3	7	3	21	Jan-21	
	A2	Lack of process ownership leads to ineffective processes and errors.	NW	2	3	3	8	3	24	TREAT 1) Require transparent workflow reporting with clear identification of process ownership to be reported to the Local Pension Board.	2	2	2	6	2	12	Jan-21	
	A3	Failure to follow up on outstanding issues results in inefficiency and damaged reputation.	NW/Neil Mason (NM)	2	3	4	9	3	27	TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy	2	2	4	8	3	24	Jan-21	
	A4	Lack of capability of the admin system leads to inefficiency and disruption.	NW	3	3	2	8	2	16	TREAT/TOLERATE 1) Ensure system efficiency is included in the annual improvement review. 2) Monitor system review and provide extra resource where business case supports it.	2	2	1	5	2	10	Jan-21	
	A5	Poor reconciliation process leads to incorrect contributions.	NW/NM	3	3	3	9	4	36	TREAT 1) Ensure reconciliation process notes are understood by Pension Fund team 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process 3) Pensions admin team testing i-connect to ensure it is fit for purpose and if funding agreement reached it will be implemented. 4) Officers to undertake quarterly reconciliation to ensure contributions are paid on time. With a view to moving to monthly reconciliation if i-connect is implemented.	2	2	1	5	2	10	Jan-21	
	A6	Lack of guidance and process notes leads to inefficiency and errors.	NW	3	3	3	9	3	27	TREAT 1) Ensure process notes are compiled and circulated in Pension Fund and administration teams 2) Process Improvement Officer developing Standard Operating Procedures for all process. 3) Use of Heywood's Training and Education Centre allows for standardisation of training.	2	2	2	6	3	18	Jan-21	
	A7	Unstructured training leads to under developed workforce resulting in inefficiency.	NW	3	4	3	10	3	30	TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan as part of the Service Specification between the Fund and Orbis 2) Encourage and support formal training.	1	4	3	8	2	16	Jan-21	
	A8	Conflicting priorities (Orbis, SCCvsSPF, Pensions pooling) leads to lack of overall strategy, confusion and missed opportunities.	NW/NM	3	2	3	8	3	24	TREAT/TOLERATE 1) Establish transparent lines of communication between Orbis partnership leads and local service areas 2) Ongoing monitoring from the Pension Fund Committee and Local Pension Board 3) Rigorous prioritisation of tasks 4) Resolution of Orbis will mitigate this risk.	2	2	3	7	2	14	Jan-21	Rating changed from Red to Amber with additional controls.
	A9	Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	NW/NM	3	3	4	10	3	30	TREAT 1) The fund has generally good internal controls with regard to the management of the fund. These controls are assessed on an annual basis by internal and external audit as well as council officers. 2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches. 3) Ensure processes are completed in a timely manner and that post 2014 refunds are paid within 5 years.	1	3	4	8	3	24	Jan-21	
	A10	Gaps in skills and knowledge due to key person/single point of failure and different skill requirements leads to inefficiency and poor performance.	NW/NM	3	3	3	9	3	27	TREAT 1) 'How to' notes in place. 2) Development of team members & succession planning needs to be improved. 3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs. 4) Skills Matrices completed by all staff and standardised Personal Development Plans introduced.	2	3	2	7	3	21	Jan-21	
	A11	Failure to get on top of the backlog leads to resource issues and management distractions.	NW/NM	4	3	4	11	4	44	TREAT 1) Backlog to be identified as a "Project" as part of the Service Specification between the Fund and Orbis 2) Backlog to be included in revised Performance Statistics reported to and scrutinised by the Committee and Board 3) Consideration being given to outsourcing the largest areas of the backlog. 4) Upgrade software to improve efficiency.	2	2	4	8	4	32	Jan-21	
	A12	Failure to identify GMP liability leads to ongoing costs for the pension fund	NW/NM	3	3	3	9	4	36	TREAT 1) GMP to be identified as a "Project" as part of the Service Specification between the Fund and Orbis 2) Stage 1 reconciliation reviews has been completed. 3) Acquila Heywoods have been appointed to carry out an interim stage 2 review 4) GMP Reconciliation project is being progressed by JLT. Separate updates being provided.	2	2	2	6	4	24	Jan-21	
	A13	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	NW/NM	3	3	3	9	4	36	TREAT/TOLERATE 1) Disaster recover plan in place as part of the Service Specification between the Fund and Orbis 2) Ensure system security and data security is in place 3) Business continuity plans regularly reviewed, communicated and tested 4) Internal control mechanisms should ensure safe custody and security of LGPS assets. 5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance 6) Tolerate consequences of McCloud judgement.	3	3	3	9	1	9	Jan-21	
	A14	Lack of productivity leads to impaired performance.	NW	3	3	3	9	4	36	TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff 2) Productivity outputs are being measured and reported on a monthly basis. 3) Enhance performance management	2	2	2	6	4	24	Jan-21	
	A15	Failure to continuously improve leads to inefficiency and missed opportunities.	NW/NM	2	2	2	6	3	18	TREAT: 1) Annual customer feedback survey to be carried out. 2) Quarterly complaints/praise feedback to be reported to and scrutinised by the Committee and Board 3) Implementation and monitoring of an annual Continuous Improvement Plan as part of the Service Specification between the Fund and Orbis 4) Support and Development Team in place to identify and implement areas for improvement.	2	2	2	6	3	18	Jan-21	
	A16	Rise in ill health retirements impact employer organisations	NM	3	1	2	6	2	12	TREAT 1) Self-insurance implemented across the fund 2) Reactive reposition investment strategy if necessary	3	1	2	6	2	12	Jan-21	
	A17	Rise in inappropriate ill health retirements adversely affects self-insurance costs.	NW/NM	2	2	1	5	2	10	TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations	2	1	2	5	1	5	Jan-21	
	A18	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond	NW/NM	3	4	2	9	4	36	TREAT/TOLERATE 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers implemented as part of 2016 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	3	4	2	9	2	18	Jan-21	
	A19	The Pensions Payroll process had migrated onto the Altair system from SAP in Nov 17. Unlike the SAP payroll process the manual emergency payments made outside of the monthly payroll do not integrate with our banking processes or offer sound financial controls. This is due to these manual payments not being accounted for in the financial system when they occur and therefore payments made are not able to be checked. The risk of errors in the current process are increased by the core Altair payroll system not being integrated with the BACS generator application meaning items have to be recorded twice.	NW/NM	3	2	3	8	3	24	TREAT 1) Develop an automated process whereby the Altair payment log updated by the administration team, is then converted into a journal template on a daily basis. This is then processed onto SAP to ensure that all payments processed manually through Altair are accounted for and payments are then subject to the standard financial controls.	3	2	3	8	2	16	Jan-21	
	A20	Head of Pension Administration leaving the Council may dilute the organisation's collective knowledge and impact on decision making.	NW	3	3	3	9	3	27	TREAT/TOLERATE- 1) An interim Head of Pension Administration has been contracted until a permanent manager is appointed. 2) Part of the JD of the interim is to assist in the appointment of a permanent replacement. 3) Recruitment of additional resource has mitigated the risk.	3	3	3	9	2	18	Jan-21	Rating changed from Red to Amber with additional controls.
	A21	McCloud Judgement - Impact on resources	NW/NM	3	3	2	8	4	32	TOLERATE/TREAT 1) The Pension Fund Team can allocate additional funds / resources to mitigate the impact and avoid reputational damage. 2) The proposed remedy will require additional resource and members who have already left will be prioritised.	3	3	2	8	2	16	Jan-21	
	A22	Moving out of County Hall could adversely affect team morale as majority of the staff are within a few miles of County Hall. A move to an office further away may result in employees finding jobs elsewhere to minimise the commute. Resulting in: - Significant loss of skilled and experience staff.	NW	2	4	3	9	3	27	TOLERATE 1) Pension administration team may not be impacted by the move as alternative arrangements closer to County Hall are being sought. 2) Engage with staff early and to understand their concerns which should be fed into the consideration of new location. 3) The loss of resource is partially mitigated by the hostile employment market. 4) A permanent building has now been acquired in Weybridge for Fund's staff.	2	3	3	8	2	16	Jan-21	Rating changed with additional controls.
	A23	Management control of backlog leads to inaccurate Key Performance Indicators (KPI's) leading to a loss of confidence in levels of assurance from the Pensions Administration team	NW	3	3	3	9	3	27	TREAT 1) Ensure total backlog is recorded accurately (backlog includes both BAU and JLT cases). 2) Ensure only completed BAU cases are recorded in Key Performance Indicators. 3) Ensure total number of backlog cases is correctly recorded on the system and presented accurately in the quarterly Administration Performance Report. 4) Continuously work towards improving the accuracy of the reported figures.	2	2	2	6	3	18	Jan-21	

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Communication Policy 2021/22



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Introduction

This is the communication strategy for the Surrey Pension Fund administered by Surrey County Council (the Administering Authority). Communication is at the heart of everything the Fund does and has a dedicated communication team in place to help the Fund meet its current and future communication challenges. This Policy provides an overview of how the Surrey Pension Fund will communicate with its full range of stakeholders. An effective communication strategy is vital for the Fund to meet its objective of providing a high quality and consistent service to the stakeholders.

The Fund has over 300 employers with contributing members and a total membership of over 105,000 scheme members, which are split into the categories below and with the approximate numbers of members in each category:

Type of membership	Surrey Pension Fund
Active scheme members	37,000
Deferred scheme members	40,000
Pensioner members	28,000

The policy outlines the Fund's strategic approach to communications and is effective from April 2021. This Policy should be read in conjunction with the Communication Plan which is detailed in Appendix A of this document.

Regulatory framework

The policy has been produced in accordance with regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013. The regulation requires that:

1. An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with:
 - a) scheme members (active, deferred, retired and dependant)
 - b) representatives of scheme members
 - c) prospective scheme members
 - d) scheme employers

2. In particular the statement must set out its policy on:
 - a) the provision of information and publicity about the scheme
 - b) the format, frequency and method of distributing such information or publicity
 - c) the promotion of the scheme to prospective scheme members and their employers.

The strategy must be revised and published by the administering authority following a material change in their policy on any matters referred to in paragraph (2).



Stakeholders of the Fund

The Fund has a varied audience of stakeholders with whom it communicates, including:

- 🌿 Scheme members (active, deferred, pensioner and dependant members)
- 🌿 Prospective scheme members
- 🌿 Scheme employers
- 🌿 Pension Fund staff
- 🌿 Pension Fund Committee
- 🌿 Local Pension Board
- 🌿 Border to Coast
- 🌿 External bodies:
 - ⚡ Her Majesty's Revenue & Customs (HMRC)
 - ⚡ Ministry of Housing, Communities and Local Government (MHCLG)
 - ⚡ Trades Unions
 - ⚡ Pension Fund Investment Managers, Advisers and Actuaries
 - ⚡ Pension Fund Custodian
 - ⚡ The Pensions Regulator (tPR)
 - ⚡ The Scheme Advisory Board (SAB)
 - ⚡ The Local Government Association (LGA)
 - ⚡ Department of Work and Pensions (DWP)
 - ⚡ Pension Officers Groups
 - ⚡ Pensions and Lifetime Savings Association (PLSA)
 - ⚡ Chartered Institute of Public Finance and Accountancy (CIPFA)
 - ⚡ The Local Authority Pension Fund Forum (LAPFF)

8

Key objectives

To ensure that Fund delivers clear, timely and accessible communication with a broad range of stakeholders. To achieve this, the Fund will:

- 🌿 Communicate information about the Scheme's rules and regulations in an effective, friendly and timely manner to the different groups of stakeholders.
- 🌿 Communicate information about the investment decision made by the Fund.
- 🌿 Inform customers and stake holders to enable them to make the decisions regarding pension matters.
- 🌿 Inform customers and stakeholders about the management and administration of the Fund.
- 🌿 Consult with key stakeholders on changes to policies and procedures that affect the Fund and its stakeholders;
- 🌿 Support employers to enable them to fulfil their responsibility to communicate and share information with members in relation to the scheme.
- 🌿 Seek continuous improvement in the way the Fund communicates.

Accessibility

- 🌿 The Fund is committed to ensuring communications are accessible to all stakeholders and is committed to develop further use of electronic means of communicating through e-mail and internet site (including a Member Portal). Wherever possible, responses are



sent to stakeholders by electronic means. However, more traditional methods of communications will continue to be offered as required.

- ✿ The Fund also make sure that communications are easy to understand through use of Plain English accreditation and readability scores.

Social Media

The Fund recognises the growing importance for organisations to have an online presence and has recently developed a corporate LinkedIn profile.

A LinkedIn account is used to raise Fund online profile in a business, promoting the Fund's innovations and achievements, and helping build relationships with other LGPS Funds and professional bodies within the pensions industry <https://uk.linkedin.com/in/surrey-pension-fund-81801919a>

Investment Communication

The Fund has seen an increase interest in its investments from Scheme Members, Scheme Employers and the wider public. The Fund maintains a large portfolio of assets, which it uses to pay out LGPS benefits when they become due. This is made up of pension contributions paid in by Scheme Members and Scheme Employers, and also any investment income and capital growth. To reduce risk, the Fund diversifies its investments across a wide range of assets both in the UK and Global market.

Responsible Investment

As a responsible investor the Fund Environmental, Social and Governance (ESG) issues are fundamental to the Fund's investment strategy. The Fund has focused communications to stakeholders about its investments. The Fund will regularly report to Scheme Employers and Scheme Members about its investments and the Fund's approach to ESG issues.

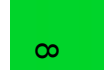
Freedom of Information

Anyone has a right under the Freedom of Information (FOI) Act to request any information held by the Fund which is not already made available. FOI requests will be dealt with as openly and swiftly. Requests should be made in writing to the Freedom of Information Officer at the address at the end of this document

A fee may be charged and the Fund reserves the right to refuse if the cost of providing the information is disproportionately high.

Communication Channel

The table below shows the Fund main method of communication with different stakeholders.



Stakeholder	Communication	Key message/Objectives
Active members	<ul style="list-style-type: none"> ✦ Annual benefit statements ✦ Biannual Newsletters ✦ Member self service ✦ Website ✦ Telephone helpline ✦ Scheme Literature ✦ Calculation and costings (e.g. estimates) ✦ Presentations – face to face / online ✦ Promotion on internal systems, e.g. Snet ✦ Active Member surveys 	<ul style="list-style-type: none"> ✦ Your pension is a valuable benefit. ✦ Your employer contributes to help you save for your retirement. ✦ You need to make sure you're saving enough for retirement ✦ To improve your understanding of how the LGPS works. ✦ You understand the impact of any changes in legislation. ✦ To advise scheme members of their rights and benefits. ✦ To make pensions information more readily available. ✦ To answer member's queries regarding their benefits ✦ To give you more ways that you can contact us or get information. ✦ To provide a method for members to give feedback.
Deferred members	<ul style="list-style-type: none"> ✦ Annual benefit statements ✦ Annual Newsletter ✦ Member self service ✦ Website ✦ Telephone helpline ✦ Scheme Literature ✦ Calculation and costings (e.g. estimates) 	<ul style="list-style-type: none"> ✦ Your pension is a valuable benefit ✦ You are saving enough for retirement ✦ You keep in touch with the Fund e.g. provide us with address changes ✦ How the LGPS works now, and the impact of any changes in legislation ✦ Understand the implication of transferring out of the scheme ✦ To improve understanding of how the LGPS works ✦ We will update you of any changes
Pensioner members	<ul style="list-style-type: none"> ✦ Member self service ✦ Pensions Increase letters ✦ P60 ✦ Calculation and costings (e.g. estimates) ✦ Website ✦ Telephone helpline ✦ Annual newsletter ✦ Pensioner member Survey 	<ul style="list-style-type: none"> ✦ You keep in touch with the Fund e.g. provide us with address changes ✦ We are here to help with any questions you might have. ✦ The LGPS is still a valuable part of your retirement package ✦ How your funds are invested. ✦ To improve understanding of how the LGPS works. ✦ The impact of any changes in legislation. ✦ The impact in the larger pension community (e.g. Brexit.)
Dependent members	<ul style="list-style-type: none"> ✦ Member self service ✦ Payslip 	<ul style="list-style-type: none"> ✦ You keep in touch with the Fund e.g. provide us with address and bank changes.



	<ul style="list-style-type: none"> ✦ P60 ✦ Calculation and costings (e.g. estimates) ✦ Website ✦ Telephone helpline 	<ul style="list-style-type: none"> ✦ We are here to help with any questions you might have. ✦ The LGPS is still a valuable part of your retirement package. ✦ The impact of any changes in legislation.
Scheme employers	<ul style="list-style-type: none"> ✦ Ad hoc email alerts ✦ Quarterly newsletters ✦ Website ✦ Webinars ✦ Telephone helpline ✦ Scheme information and guides ✦ Annual Employer survey 	<ul style="list-style-type: none"> ✦ You need to be aware of your responsibilities regarding the LGPS ✦ Your employer contributes to help you save for your retirement. ✦ You understand the impact of any changes in legislation ✦ To improve relationships ✦ Continue to improve the accuracy of data being provided to us
Potential Scheme Members including Opt Outs	<ul style="list-style-type: none"> ✦ Website ✦ Telephone helpline ✦ Scheme information and guides 	<ul style="list-style-type: none"> ✦ You understand the impact of any changes in legislation ✦ Your employer contributes to help you save for your retirement. ✦ The LGPS is still one of the best pension arrangements available ✦ Increase understanding of how the scheme works and what benefits are provided ✦ To improve take up of the LGPS
Pension Fund Staff	<ul style="list-style-type: none"> ✦ Team meeting ✦ 1:1 / Appraisals ✦ Training & development ✦ Training Matrix ✦ Ad hoc meetings ✦ Monthly newsletter 	<ul style="list-style-type: none"> ✦ Ensure staff are kept up to date with important information regarding the service, the employing authority and the wider world of pensions as a whole ✦ Management to feedback to staff regarding their individual progress ✦ For staff to feel a fully integrated member of the team
Pension Fund Committee and Local Pension Board	<ul style="list-style-type: none"> ✦ Committee/Board Papers ✦ Trainings ✦ Minutes ✦ Presentations 	<ul style="list-style-type: none"> ✦ Ensure members are kept up to date with important information regarding the Fund. ✦ Monitor success against the agreed measures
External bodies	<ul style="list-style-type: none"> ✦ Response to enquiries and consultations 	<ul style="list-style-type: none"> ✦ Respond to enquiries/statutory requirements



Communicating with members

There are 3 categories of scheme member:

- ✿ Active members who are contributing to the Scheme.
- ✿ Deferred members who have left the Scheme, but have not yet accessed their pension benefits.
- ✿ Pensioner members who are in receipt of their LGPS benefits from the Fund.

The Fund recognises that communication with each category requires a different, specific approach and therefore uses a variety of methods to communicate with members.

To ensure members are able to access services easily, we employ a range of media to educate them about the LGPS and their pension benefits, delivered in a clear and easily understood way to ensure that members can make informed decisions about their benefits.

- ✿ Website - The Fund has a dedicated Pensions website www.surreypensionfund.org/, which has general information about Surrey Pension Fund and about being a member of the LGPS. There are also scheme forms and guides available to copy or print.
- ✿ Telephone Helpline - We provide a helpline service for all our members to use if they need to contact us by telephone or email. There is a dedicated helpline for members to call 0300 200 1031.
- ✿ General Correspondence – The Fund provide a generic email address which enables members to email their queries. The emails are picked up and passed to the relevant member of staff myhelpdeskpensions@surreycc.gov.uk
- ✿ Member Online - Members can access their pension account using the My Pension Portal. This is a secure area that allows members to see the personal details Fund holds about them. They can also update personal information. Contributing and deferred members can view their annual pension statements and pensioner members can view their pension payment information. There are also scheme forms and guides available to copy or print.
- ✿ LinkedIn – Fund has a LinkedIn account. We regularly update our account with information that we believe our members might be interested in <https://uk.linkedin.com/in/surrey-pension-fund-81801919a>
- ✿ Visits to our office - Members are welcome to visit our offices if they prefer to speak to us face to face. Ideally, members should make an appointment in advance so we can make sure that someone is available to see them. Due to Covid-19 we are unable to receive visitors at our office. However, the Fund remains in operation during this time and members can contact us at the address at the end of this document
- ✿ Annual Benefit Statements – The Fund issues an Annual Benefit Statement (ABS) to all active members, showing the pension they have built up to the previous 31st March. They are subject to the members Scheme Employer providing timely year end



information to the Pensions Administration Team. The ABS are available for members to view on My Pension Portal.

- 🌿 Presentations / Roadshows / Drop in Sessions available to active scheme members.
- 🌿 Newsletters - The Fund issues periodic newsletters to Members to update them on topical Pensions matters and changes.
- 🌿 Pay advices, Pension Increase letters and P60s - We issue pay advices to pensioner members every March, April and May.

Communicating with Pension Fund Staff

The Fund recognises that its staff are its greatest resource and that they are kept informed about the Fund's aims to deliver a quality and accurate service. This is achieved via use of email, internal meetings, as well as internal and external training events on specific topics.

The Fund communicates with staff in a number of ways.

- 🌿 Performance conversations– the Fund managers ensure that Fund staff have Performance Conversations at least twice yearly, these establish clear objectives and any necessary support that staff members and the team need.
- 🌿 Training - As part of the Fund's commitment to delivering a professional pensions service to stakeholders an annual training plan is prepared and approved by the Pension Fund Committee. Staff regularly attend LGA and CIPFA training as appropriate, and receive in-house training from actuary, fund managers and via a dedicated Training Officer. Professional courses, such as CIPP are also offered. These are recorded via a staff skills matrix. Ad hoc training courses are produced as the LGPS regulations change.
- 🌿 Staff Feedback on Fund Communications - Staff are encouraged to report back on any feedback given to them by other stakeholders.
- 🌿 Weekly update – senior managers send weekly emails to keep staff updated on current issues.
- 🌿 Quarterly Newsletters - keep staff updated on current LGPS legislation changes, new staff and those leaving and upcoming training courses, etc.

Communicating with the Pension Fund Committee and Local Pension Board

The administering authority, Surrey County Council, has established a Pensions Committee including elected Councillors to discharge the functions of the Council in governing and administering The Surrey Pension Fund. The Pensions Committee is the decision-making body for the Fund, and this includes responsibility for setting the Fund's investment strategy, appointing investment managers, and approving Fund budget, business plan and policies.



The Council also established Local Pension Board in 2015 to assist the Committee in securing compliance with the scheme regulations and the effective and efficient governance and administration of the LGPS.

The Pension Fund Committee and Local Pension Board communicate by:

- ✿ Committee and Board meetings - Members of the Pensions Committee and Local Board meet at least quarterly to discuss Pensions issues, following which the Local Board may make suggestions and recommendations, and the Pensions Committee may make decisions.
- ✿ Fund officer reports - Members of the Pensions Committee and Local Board receive monitoring reports from Fund staff. This includes the Fund's internal managers delivering reports and presentations to members at Committee and Board meetings.
- ✿ Investment Manager Reports – Members receive quarterly investment reports from the Fund officers on the performance of the Fund's investment.
- ✿ Training – An annual training plan is presented to Pensions Committee and Local Board to approve. Members receive regular training to ensure they have the knowledge and capacity to carry out their roles.
- ✿ Weekly Update - Members of the Pensions Committee and the Local Board receive weekly update from Strategic Finance Manager on Border to Coast and Pension Administration.

Communicating with external bodies

The Fund engages proactively communicates with a number of external bodies. These include:

- ✿ Border to Coast, Pension Fund Investment Managers, Advisers and Actuaries – The Fund has regular meeting with:
 - ✿ Border to Coast who facilitate the design and implementation of the Fund's investment strategy.
 - ✿ Independent Fund managers who make investments on behalf of the Fund.
 - ✿ Investment Advisers who provide help and advice on the investment strategy of the Fund.
 - ✿ Fund Actuary to discuss Funding levels, employers' contributions and valuation of the liabilities of the Fund.
- ✿ Pension Fund Custodian - The Fund's Custodian is Northern Trust, who ensures the safekeeping of the Funds investment transactions.
- ✿ Pensions and Lifetime Savings Association (PLSA) - The Fund is a member of PLSA, which provides an opportunity for administering authorities to discuss issues of common interest and share best practice.



- Local Authority Pension Fund Forum (LAPFF) - LAPFF is a collaborative shareholder engagement group representing most of the Local Government Pension Scheme Funds and UK Pension Pools, including Border to Coast Pensions Partnership (BCPP). Its aim is to engage with companies to promote the highest standards of corporate governance and corporate responsibility amongst investee companies.
- Minerva Analytics - The Fund had also appointed Minerva Analytics to assist the Fund in exploring its Investment Core Beliefs as well as its approach in understanding the United Nations Sustainable Development Goals and how it can be integrated into Investment Decision Making.

Data Protection

The Pension Fund has a duty to protect personal information and will process personal data in accordance with the Data Protection Act 1998 and any amendments to the act. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example the Fund's Actuary or AVC provider.

Review

The policy will be reviewed annually and updated sooner if the communications arrangements or other matters included within it merit reconsideration.

Further Information

If you have any queries about this Communications Policy please get in touch:

Pension Services
Surrey County Council
Room 218, County Hall
Penrhyn Road
Kingston upon Thames
KT1 2DN

☎ 0300 200 1031

@ myhelpdeskpensions@surreycc.gov.uk

If you have any Freedom of Information requests, please send them to:

Freedom of Information Officer
Legal Democratic & Cultural Services
County Hall
Penrhyn Road
Kingston upon Thames
Surrey, KT1 2DN

☎ 020 8541 7969

@ foi@surreycc.gov.uk



Appendix A – Communication Plan

Method of Communication	Media	Frequency of Issue in Accordance with SLAs	Frequency of Issue in Accordance with Legislative Requirement	Method of Distribution	Audience Group
Send a notification of joining the LGPS to a Scheme Member – Contractual Enrolment	Electronic	Within 30 working days of receiving new starter information	2 months from date of joining the scheme	E-mail or Letter to Home Address where email not known.	New Members
Send a notification of joining the LGPS to a scheme member – Automatic Enrolment/Re-Enrolment	Various	Within 1 month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	Within 1 month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	Employer	New Members
Inform a member who left the Scheme of their leaver rights and options	Electronic	Within 40 working days from receipt of leaver information.	As soon as practicable and no more than 2 months from date of notification (from employer or from scheme member)	E-mail or Letter to Home Address where email not known.	Members leaving the scheme
Obtain transfer details for transfer in, and calculate and provide quotation to member	Paper Based or Electronic	Within 20 workings days from date of request	2 months from date of request	Letter to Home Address or Member Self Service	Active Member
Provide details of transfer value for transfer out, on request	Paper Based or Electronic	Within 20 workings days from date of request (CETV estimate or Divorce), unless there has already been a request in the last 12 months	3 months from date of request (CETV estimate)	Letter to Home Address, Member Self Service or IFA	Deferred Member
Provide a retirement quotation on request	Paper Based or Electronic	Within 15 working days from date of request	As soon as practicable, but no more than 2 months from date of request unless there has	Letter to Home Address or Member Self Service	Active and Deferred Member



			already been a request in the last 12 months		
Notify the amount of retirement benefits	Paper Based or Electronic	Within 15 working days from receipt of all information	1 month from date of retirement if on or after Normal Pension Age (NPA), or 2 months from date of retirement if before NPA	Letter to Home Address or Member Self Service	Active and Deferred Member
Calculate and notify dependant(s) of amount of death benefits	Paper Based	Initial letter sent no more than 5 days from date of becoming aware of death, and notification of benefit letter sent no more than 10 days from receiving correctly completed forms.	As soon as possible but in any event no more than 2 months from date of becoming aware of death, or from date of request by a third party (e.g. Personal representative)	Letter to Dependants Home Address	Dependant Member
Provide all Active and Deferred members with an Annual Benefit Statement (ABS)	Electronic or Paper Based	By 31 August each year	By 31 August each year	Member Self Service or Statement to Home Address	Active and Deferred Member
Provide Pension Saving Statement to eligible members	Paper Based or Electronic	By 6 October each year	By 6 October each year	Letter to Home Address or Member Self Service	Active Member
General Member Enquiries	Electronic or Paper Based	Within 15 working days		Email or Letter to Home Address	All Members
Pensions Increase Letters	Electronic or Paper Based on Request	By 30 April each year	By 30 April each year	Member Self Service or Letter to Home Address	Pensioner Member



Pensioner P60s (HMRC requirement)	Electronic or Paper Based on Request	By 31 May each year	By 31 May each year	Member Self Service or Letter to Home Address	Pensioner Member
Member Scheme Guide	Electronic or Paper Based by Request	Always Available Online (Link also in New Starter Pack)	Within 2 months of request	Fund Website or Member Self Service	All Members
Active Member Newsletters	Electronic or Paper Based on Request	Spring newsletter by 1 April (in line with Annual Updates) and Autumn newsletter by 31 August (in line with ABS)		Member Self Service or Letter to Home Address	Active Member
Deferred Member Newsletters	Electronic or Paper Based on Request	By 31 August in line with ABS		Member Self Service or Letter to Home Address	Deferred Member
Pensioner Member Newsletters	Electronic or Paper Based on Request	By 30 April in line with Pension Increase Letter		Member Self Service or Letter to Home Address	Pensioner Member
Presentations/Roadshows	Face to Face	Twice per year per Fund as standard. Others by request through fund.		Via Fund	Active Member
Drop In Sessions	Face to Face	As Requested, up to a maximum of 2 per year per Fund		Via Fund	Active Member
Customer Satisfaction Survey – Member	Electronic	Annually (Sample groups, emphasis on new joiners, recently retired, etc)		E-mail	All Members



Changes in Legislation	Electronic	Within 10 working days of notification of change		E-mail to Fund	Pension Fund
Material Alterations to Basic Scheme Information	Electronic	As soon as possible and within 3 months after the change takes effect.	As soon as possible and within 3 months after the change takes effect.	E-mail or Letter to Home Address	All Members
Employer Training	Face to Face	As requested		Via Fund	Scheme Employer
Employer Guides	Electronic	Always Available Online		LGPS Regs Website	Scheme Employer
Employer Newsletters	Electronic or Paper Based on Request	Quarterly Newsletters		E-mail to Fund Contacts	Scheme Employer
Customer Satisfaction Survey – Employer	Electronic	Annually		E-mail	Scheme Employer
Member, employer or third-party enquiries	Incoming to Helpdesk via telephone	Enquiries to be resolved at first contact or referred via case link for further investigation		Telephone Email	All Groups
Member, employer or third-party enquiries	Incoming via post	Workflow cases created based on enquiry type and associated SLA		Various	All Groups
Member Self Service	Electronic, Paper Based or Face to Face	Promotional events and campaigns to be discussed and agreed to promote sign up to Member Self Service.		Various	All Groups



Annual General Meeting	Face to Face	Provide availability to promote MSS at the AGM.		Via Fund	All Groups
Pension Fund Report and Accounts	Electronic	Annually		E-mail	All Groups
Website					All Groups
Helpline					All Groups
Pensions Administration Strategy	Electronic	Always available (reviewed at least every 3 years)		E-mail	Scheme Employer
Pension Fund Valuation Report	Electronic	Triennially		E-mail	Scheme Employer

SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE:** 12 MARCH 2021**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE**SUBJECT:** TRAINING POLICY 2021/22**SUMMARY OF ISSUE:****Strategic objectives****Governance****Delivery**

Surrey Pension Fund recognises the importance of providing appropriate training to both Pension Fund Committee and Local Board members, as well as officers in relation to the operation of the Pension Fund. This report introduces the Pension Fund training policy.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Approves the training policy (shown as Annexe 1) and agrees that all members should prioritise attendance at training events wherever practicable.
2. Reviews this policy on an annual basis.

REASON FOR RECOMMENDATIONS:

Members of the Pension Fund Committee, the Local Pension Board and officers are assisted in exercising their functions by a knowledge and understanding of all elements of pensions, including investments, funding, governance and delivery. A comprehensive training policy supports this.

This meets the Fund's strategic governance and delivery objectives.

DETAILS:

1. The Training Policy was last presented to the Committee on 12 June 2020 to establish existing knowledge and skills and to identify any gaps that may need to be addressed through the development of the plan. This policy will be reviewed on an annual basis to ensure training needs are being met.
2. In light of COVID-19 travel restrictions and events being cancelled, the Committee & Board Members are encouraged to attend training virtually where possible.

National Knowledge Assessment 2020

3. The Pension Fund participated in the first ever LGPS National Knowledge Assessment (NKA), which benchmarked Surrey Pension Fund against other LGPS Funds and recommended a training plan tailored to the Local Pensions Board and Pension Fund Committee. The training plan has been incorporated with annual plan in annexe 1.

CONSULTATION:

4. The Chairman of the Pension Fund has been consulted and offered full support for the proposals.

RISK MANAGEMENT AND IMPLICATIONS:

5. There are no risk direct risk implications arising from the recommendation of this report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

6. Provision of appropriate training will result in modest level of additional expenditure that will be met by the Pension Fund.

DIRECTOR OF CORPORATE FINANCE COMMENTARY:

7. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered.

LEGAL IMPLICATIONS – MONITORING OFFICER:

8. There are no legal implications or legislative requirements

EQUALITIES AND DIVERSITY:

9. The approval of Training policy statement does not require an equality analysis, as the initiative is not a major policy, project or function.

WHAT HAPPENS NEXT:

10. The following next steps are planned:
 - Officers will forward relevant training invites to members of Pension Fund Committee and Local Board.

Contact Officer: Ayaz Malik, Pensions Finance Specialist

Consulted: Pension Fund Committee Chairman.

Annexes: Annex 1: Training Policy 2021/22

Sources/background papers: None

Training Policy 2021/22



Surrey
Pension
Fund

Our Mission



To deliver **first-class service** to **Surrey Pension Fund stakeholders** through **strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community.**

The **highest standards of corporate governance** are **fundamental** to our approach underpinned by **informed decision making Environmental, social and Governance considerations, risk management** and use of **technology.**





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Introduction

Surrey Pension Fund is committed to providing training to those involved in the governance of the Fund and to ensure members have the necessary skills and knowledge to act effectively in line with their responsibilities.

The purpose of the training policy is to:

- ✿ Equip members and officers with the necessary skills and knowledge to be competent in their role.
- ✿ Provide those with responsibility for governing the Fund to evaluate the information they receive and effectively challenge it where appropriate.
- ✿ Support effective and robust decision making.
- ✿ Meet the required needs in relation to the Fund's objectives.

It is important that members in both Fund Committee and the Local Board commit to participating in appropriate training events to ensure that they have the necessary skills required to support them in their decision-making role.

Pension Board Specific requirement

In accordance with Section 248A of the Pensions Act 2004 and redrafted by the Pensions Act 2013, every member of the Surrey Local Pension Board must be conversant with:

- ✿ The rules of the Local Government Pension Scheme (LGPS), such as the Transitional Regulations and the Investment regulations.
- ✿ Any document recording policy about the administration of the Surrey Pension Fund which is for the time being adopted in relation to the Surrey Pension Fund.

Local Pension Board members should also have knowledge and understanding of:

- ✿ The law relating to pensions
- ✿ Such other matters as may be prescribed.

Induction training

Local Pension Board members must complete induction training within the first three months of their appointment. This consists of an online training courses provided in a Public Sector Toolkit by the Pensions Regulator (TPR) as part of TPR Trustee Toolkit.

The Pensions Regulator Toolkit

The TPR Trustee toolkit provides a guide to understand the Governance and administration requirement in the public service schemes Code of Practise no.14.

The toolkit includes nine Essential learning for trustee compulsory modules and seven Public Sector Toolkit compulsory online learning modules that must be completed successfully to pass the induction training.

The nine essential learning for trustee compulsory modules test Board members knowledge in the following key areas:

- ✿ Introducing pension schemes;



- ✦ The trustee’s role;
- ✦ Running a scheme;
- ✦ Pensions law;
- ✦ An introduction to investment;
- ✦ How a defined benefit scheme works;
- ✦ Funding your defined benefit scheme;
- ✦ Defined benefit recovery plans, contributions and funding principles;
- ✦ Investment in a defined benefit schemes.

The seven Public Sector Toolkit compulsory modules test Board members knowledge in the following key areas:

- ✦ Conflicts of interest;
- ✦ Managing risk and internal controls;
- ✦ Maintaining accurate member data;
- ✦ Maintaining member contributions;
- ✦ Providing information to members and others;
- ✦ Resolving internal disputes;
- ✦ Reporting breaches of the law.

Although the toolkit is designed with Board members in mind, however in the view of the Fund the material covered is of equal relevance to members of the committee.

The Pension Regulator website is available at:
<https://trusteetoolkit.thepensionsregulator.gov.uk/>

Markets in Financial Instruments Directive II (MIFID II)

Surrey Pension Fund need to demonstrate a high level of skills and knowledge across the Fund Committee and Local Board to enable the Fund to opt-up and be recognised as an professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.

Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Fund Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

Delivery of training

Training and development support for committee members and officers will be delivered through a variety of methods including. The training for Officers will also be made available for the Section 151 when applicable

Committee members	Officers
Pension Regulator on-line toolkit	Training for qualifications from recognised professional bodies (e.g. CIPFA)
Attending seminars, courses and external events	Attending seminars, courses and external events
Investment advisor/Actuary training	Circulated reading material
Circulated reading material	One to One
Fund manager training	



Regular updates from officers	
In-house	

Where appropriate training will be provided jointly for the Committee, Local Board and officers. In consultation with the chairman, expression of interest will be sought from members to attend relevant trainings throughout the year.

Training Plan

To be effective, training must be recognised as a continual process and will be centred on 3 key points

- ✿ The collective knowledge of the committee
- ✿ The general pensions environment
- ✿ Coping with changes (e.g. legislation)

On joining the fund committee or Local Board, induction will be provided. This will involve covering their roles and responsibilities to allow them to participate in decision making.

An induction file will also be provided to new members and it will contain key documents relevant to the Fund and other useful information.

As part of their commitment to good scheme governance, Board members shall endeavour to attend at least two Local Pension Board meetings per year.

Training plans will be developed at least on annual basis. There will be updates as required taking account of the identification of any knowledge gaps, changes in legislation, key legislation (e.g. triennial valuation) and receipt of updated guidance.

Knowledge and Skills Framework

There are six areas of knowledge and skills that have been identified as the core requirements of those working in LGPS. They are:

- ✿ Pensions legislative and governance context
- ✿ Pensions accounting and auditing standards
- ✿ Financial services procurement and relationship management
- ✿ Investment performance and risk management
- ✿ Financial markets and products knowledge
- ✿ Actuarial methods, standards and practices

Fund Committee and Local Board are expected to have collective understanding and officers are expected to have detailed understanding of these areas of knowledge and skills.

Acquiring, Monitoring and Reviewing knowledge and Skills

Committee and Local Board members must ensure they have appropriate degree of knowledge and understanding to carry out their stewardship role. Therefore, members should invest sufficient time in their learning and development alongside their responsibilities and duties.



In order to ensure Pension Committee and Board members have sufficient breadth of knowledge and understanding, they are encouraged to undertake a personal training needs analysis and annual review of their skills, competencies and knowledge to identify any gaps or weaknesses.

The pension regulator has provided training needs analysis template to support this process. The document can be found at www.tpr.gov.uk/ps-knowledge.

SAB Good Governance Review, July 2019

The SAB Good Governance Review published in July 2019, also proposed enhanced training requirements for the Section 151 Officer as well as Pensions Committee Members on par with Local Pensions Board Members.

Officer Training

It is important that Officers in the fund have the necessary skills and knowledge to carry out the tasks of managing the Fund's investments and administering the payment of benefits. The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required for the role. Officers should be familiar with the requirements of the CIPFA Code of Practice on Knowledge and Skills and should have knowledge of the six areas of the framework.

Officers will attend relevant training events and seminars during the year to ensure they remain up to date with latest requirements. In additions, officers are also required to keep up to date with relevant issues effecting the pension fund.

For officers, there will be particular focus on the following areas:

1. **Public Sector Pension Governance** – Understanding the guidance and regulations in relation to local pension boards, and keeping up-to-date with how other Funds are working with their boards, in order that the Pension Board can be supported effectively and add value to the governance of the Fund.
2. **New Investment Arrangements** – Understanding the implications of how the Financial Conduct Authority (FCA) will implement the Markets in Financial Instruments Directive (MiFIDII) and how Surrey Pension Fund will comply.
3. **New Investment Products** – Keeping up-to-date with what the market is offering, in order to assess the validity of new products for investment by the Surrey Pension Fund.
4. **Accounting Issues** – Keeping up-to-date with the latest CIPFA guidance on the format of the Pension Fund Statement of Accounts and the content of the Annual Report.
5. **Pensions Admin Regulations** – Understanding the latest guidance and interpretation of changes to LGPS Regulations and their impact on procedures.
6. **Pensions Admin Systems** - Keeping up-to-date with updates/new releases to the software system Altair, passing training onto all staff.
7. **Actuarial methods, Standards and Practises** – Understanding the work of the actuary and the ways in which actuarial information is produced



Officers Training Budget 2021/22 (Estimated costs)

Training	Cost
External Training – LGA	
Three members of staff attending four LGA courses @ £280 + VAT pp (Estimated 2021 cost)	£3,360
External Training – Professional Courses	
Two members of staff studying the Foundation Degree in Pensions Administration and Management @ £3,095 + VAT pp (Estimated 2021 cost)	£6,190
CIPP Membership @ £130 + VAT pp (Estimated 2021 cost)	£260
Five members of staff studying the Certificate in Pensions Administration @ £1,595 + VAT pp (Estimated 2021 cost)	£7,975
CIPP Membership @ £130 + VAT pp (Estimated 2021 cost)	£650
Five members of staff studying Management & Project Courses @ £1,500 + VAT pp (Estimated 2021 cost)	£7,500
External Training – Heywoods	
Two members of staff attending five Heywoods courses @ £507 + VAT pp (Estimated 2021 cost)	£5,070
Total Estimated Training Costs	£31,005

The Pension Fund has a dedicated training manager and officers are regularly encouraged to attend training or study for a professional qualification. These qualifications sets out to ensure an in-depth understanding of the Local Government Pension Scheme (England and Wales) whilst providing management skills including time, project and operational management.

Training Delivered over last year

The recent training activity received by the Fund Committee and Local Board include the following:

- 🌿 Environmental, Social & Governance (ESG) Training for Pension Fund Committee
- 🌿 National Knowledge Assessment
- 🌿 Environmental, Social & Governance (ESG) Training for Local Pension Board



Training Plan 2021/22

The proposed training plan for Pension Fund Committee and Local Pension Board members for 2021/22 is as follows (please note this may be subject to change).

Title of Session	Training Context	Timescale	Training Length	Audience	Complete
PLSA Local Authority Conference	Various	18 -19 May 2021, Webinar	2 days	Committee, Pensions Board and Officers	
The Local Authority Responsible Investment Seminar	<ul style="list-style-type: none"> 🌿 Climate Regulation 🌿 Impact Investment 🌿 RI initiatives in the LGPS 🌿 Setting and delivering RI 	28-29 April 2021, Webinar	2 days	Committee, Pensions Board and Officers	
CIPFA – Local Pensions Board Members Annual Full Day Event	Various	23 June 2021, London	1 day	Pensions Board	
LAPF Strategic Investment Forum	Various	5-6 July 2021, The Grove Hotel Hertfordshire	2 Days	Committee, Pensions Board and Officers	
Investment performance and risk management	Various	TBC	1 day	Committee, Pensions Board and Officers	
Actuarial Methods	Various	TBC	1 day	Committee, Pensions Board and Officers	
Pensions administration and SAB Good Governance	Various	TBC	1 day	Committee, Pensions Board and Officers	
Role of the Committee and pensions legislation	Various	TBC	1 day	Pensions Committee	
Procurement and relationship management	Various	TBC	1 day	Pensions Board	

Pensions governance	Various	TBC	1 day	Pensions Committee	
Accounting and audit standards for the Board	Various	TBC	1 day	Pensions Board	
Valuation training sessions	Various	TBC	1 day	Committee, Pensions Board and Officers	
CIPFA's annual public finance conference	Various	TBC	2 days	Committee, Pensions Board and Officers	
PLSA Annual conference	Various	12 – 14 October 2021, Webinar	3 days	Committee, Pensions Board and Officers	
Fundamental Training	Various	TBC	3 days	Committee, Pensions Board and Officers	
Border to Coast Conference	Various	TBC	2 days	Committee, Pensions Board and Officers	
LAPFF, Bournemouth	Various presentations around the work of the LAPFF	8 – 10 December 2021	3 days	Committee, Pensions Board and Officers	



Cost

Where there is a cost involved in providing the training this will be paid by the Pension Fund. A budget will be allocated for members training in the Fund's business plan. Ultimately costs will depend on the levels of training and support required by individual members. Some training and support will be provided at nil cost through officers, existing material and online access, and as part of existing providers or advisors roles.

Training Monitoring and Reporting

In order to identify whether the objectives of the Policy are being met, Fund officers will maintain a training log to record trainings attended by both members and officers.

Pension Fund Committee and Local Pensions Board members will be required to participate in Hymans National Knowledge Assessment (NKA) to assess their overall level of 'Knowledge and Understanding'. The NKA will be in the form of a short self-assessment questionnaire to identify any perceived development needs. Training on the identified areas will be provided as necessary, including induction and on an ongoing refresher basis.

A report will be also presented to the Fund Committee and Pension Board on an annual basis setting out:

- 🌿 Training provided/attended by members in the previous year.
- 🌿 any actions required, such as review of the Training Plan.

Pension Fund Committee and Local Pensions Board members will be provided with details of forthcoming conferences, seminars and relevant training events as well as annual summary of the events attended.



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SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE:** 12 MARCH 2021**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE**SUBJECT:** INVESTMENT MANAGER ISSUES AND PERFORMANCE AND ASSET/LIABILITIES UPDATE**SUMMARY OF ISSUE:****Strategic objectives****Investment****Funding**

This report is a summary of all manager issues that need to be brought to the attention of the Pension Fund Committee, as well as an update on investment performance and the values of assets and liabilities.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee notes the main findings of the report in relation to the Fund's valuation and funding level, performance returns, asset allocation and performance fees.

REASON FOR RECOMMENDATIONS:

In order to judge the performance of the Fund's investment managers against the Fund's target returns, and whether it is meeting its Strategic Investment objective in line with its Business Plan.

DETAILS:**1. Manager Issues during the Quarter**

Manager	Issue	Status/Action Required
Various	Client meetings	Issues/ Actions related to recent manager meetings are included in Annexe 3.

2. Freedom of Information Requests

The table below summarises the Freedom of Information request responses provided by the Fund during the last quarter.

Date of Response	Organisation	Request	Response
30/10/2020	Pitchbook	Summary of Alternative investments	Summary of Alternative investments as at 31 March 2020
02/11/2020	Pei Media	Summary of Alternative investments	Summary of Alternative investments as at 31 March 2020
02/11/2020	Bloomberg	Summary of Alternative investments	Summary of Alternative investments as at 31 March 2020
02/11/2020	Acuris	Summary of Alternative investments	Summary of Alternative investments as at 31 March 2020
05/11/2020	Private Individual	The Fund's investments included in the United Nations Human Rights Council report into business activity in Israel's settlements	Exposure of companies as at 30 April 2020
26/11/2020	Private Individual	Information regarding the independence exercised by the Fund's adjudicator	Response and regulation reference
10/12/2020	Private Individual	Fossil Fuel Exposure Information	Fossil Fuel investment valuations as at 31 Mar 2017-30 Sep 2020

3. Stock Lending

In the quarter to 31 December 2020, stock lending earned a net income for the Fund of £8,668.

4. Internally Managed Cash

The internally managed cash balance of the Fund was £14.2m as at 31 December 2020.

5. Cashflow Analysis

6. Pensions Funds have a positive cash-flow when their contribution inflows exceed pension benefits paid.

7. Contributions are derived from employers and employees. Pension benefits are derived from pensions and lump sum benefits paid to retired members and benefits paid to employees on leaving the Fund.
8. Any positive cash-flow is invested in accordance with the Fund's cash management plan.
9. The half-yearly (quarters two-three) cash-flow for the Surrey Pension Fund shows positive cash flow of £16,022,709 as follows:

Quarter	Total contributions received	Total pension benefits paid	Net cash-flow
Two (1 Jul 2020 – 30 Sep 2020)	£43,058,556	£37,954,415	£5,104,141
Three (1 Oct 2020 – 31 Dec 2020)	£49,431,181	£38,512,612	£10,918,568

10. As the Fund is approaching year end, officers are performing reconciliation on monthly basis whereby they are allocating cash into appropriate months which was sitting in the holding account.
11. An indication of the current membership trends is shown by movements in membership over quarters two-three, compared to the position at the 2019 valuation (as taken from statistics provided by the pension administration team):

Period	Active members	Deferred members	Pension members	Total members
2019 valuation (31 Mar 2019)	36,469	31,993	26,015	94,477
Quarter Two 2020/21 (1 Jul 2020 – 30 Sept 2020)	37,853	41,302	27,862	107,017
Quarter Three 2020/21	38,985	40,972	28,055	108,012

(1 Oct 2020 – 31 Dec 2020)				
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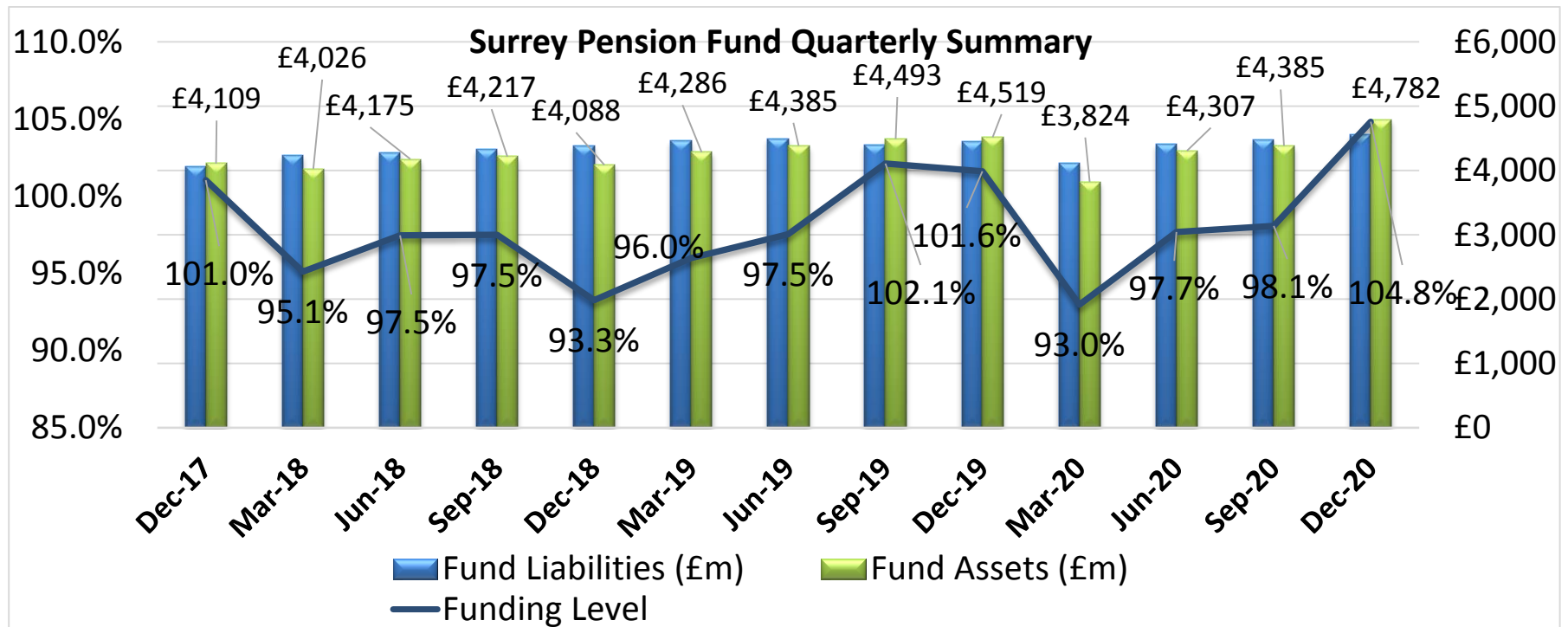
12. **Active** membership has increased by an average of 377 per month between Q2 and Q3. This may differ from what is reported in the KPI report.
13. **Deferred** members have increased significantly since the end of March 2019, this is due to the work Mercer have been carrying out on the Status 2 backlog. The number of Deferred members has subsequently decreased between Q2 and Q3 as Mercer moved their attention to Aggregating records (therefore making the Deferred's leavers) and the admin team working through a backlog of Transfer Out cases.
14. The number of **Pensioner** members has increased between Q2 and Q3. The admin team processed approximately 500 Retirements between September and December, but also received around 240 new Death cases during the same period.

Financial and Performance Report

15. Funding Level

The funding level has reached 105% (96% as at 31 March 2019) and is based on the formal valuation results, updated for market conditions at 31 December 2020, estimated contributions paid and benefit outflow to that date and actual Fund assets as provided. Based on the data that has been provided, the market value of assets is approximately £4.782bn and the value placed on the liabilities is £4.562bn.

The assumptions used are as follows: A discount rate of 4.2%, Salary inflation of 2.9%, Pension increases of 2.0%



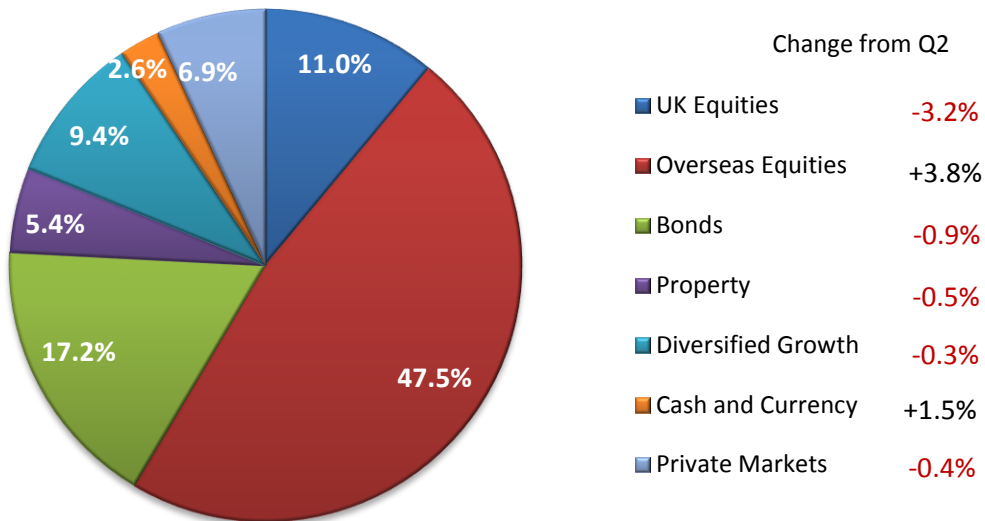
16. Asset Allocation

The graph and table below summarise the asset allocation of the fund as at 31 December 2020. The table below compares the actual asset allocation as at 31 December 2020 against target asset weightings.

	TOTAL FUND	Actual	Target
	£m	%	%
Bonds			
Multi Asset Credit	537.9	11.25%	9.7%
Index Linked Gilts	221.6	4.63%	5.5%
Unconstrained	65.2	1.36%	2.4%
Equities			
UK	526.7	11.01%	17.4%
Global Equities (Overseas)	1,114.0	23.30%	19.0%
Emerging Markets (Overseas)	320.1	6.69%	3.8%
Multi Factor (Overseas)	394.9	8.26%	9.8%
Low Carbon (Overseas)	444.6	9.30%	9.8%
Property Unit Trusts	257.8	5.39%	6.2%
Diversified growth	447.6	9.36%	11.4%
Cash*	108.0	2.26%	-
Currency hedge	15.6	0.33%	-
Private Markets	328.0	6.86%	5.0%
TOTAL	4,782.0	100.0%	100.0%

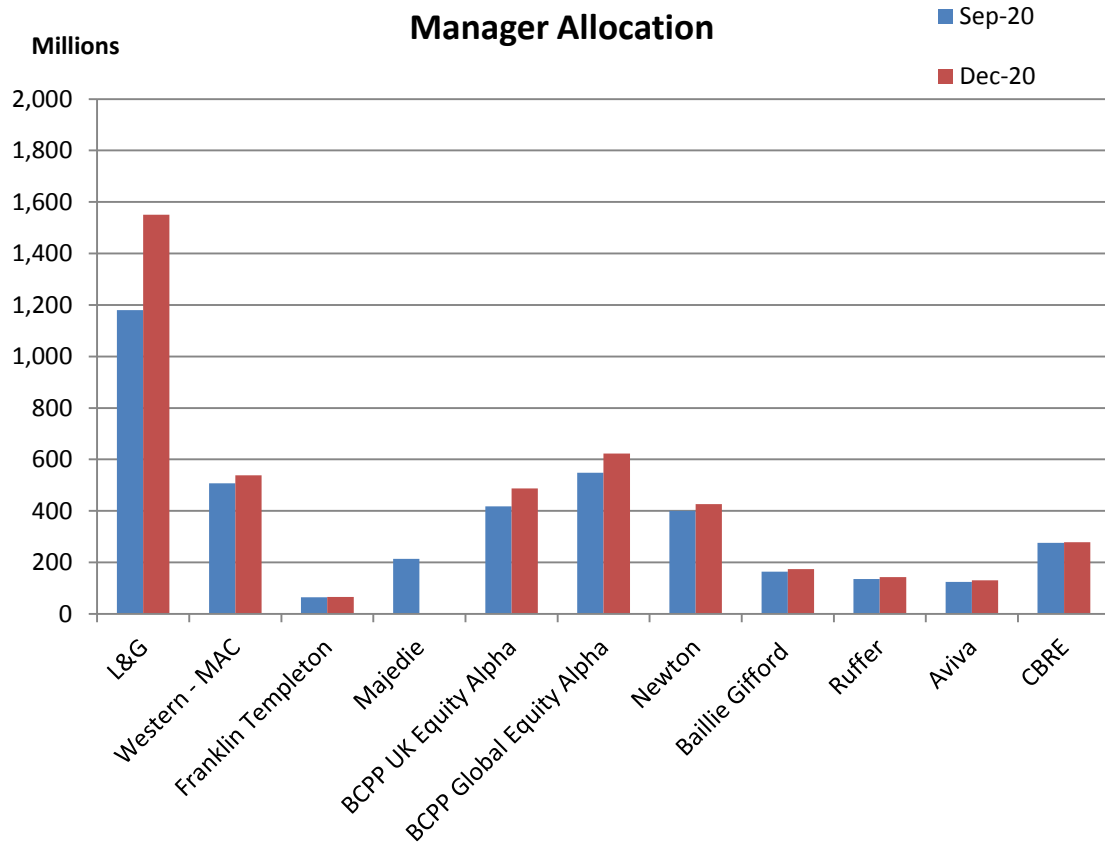
*The Asset Allocation table includes The Fund's holding of cash, while the Asset Allocation in Annex 1 is the Fund's Strategic Asset Allocation of its Funds under Management based on its most recent Investment Strategy Statement

Asset Allocation at 31 Dec 2020



17. Manager Allocation

The graph below shows the manager allocation as at 31 December 2020 and 30 September 2020.



Fund Manager Benchmarks

Fund	Portfolio	Benchmark Index	Performance Target relative to Benchmark
Surrey Pension Fund	Total Portfolio	Weighted across the fund	+1.0%

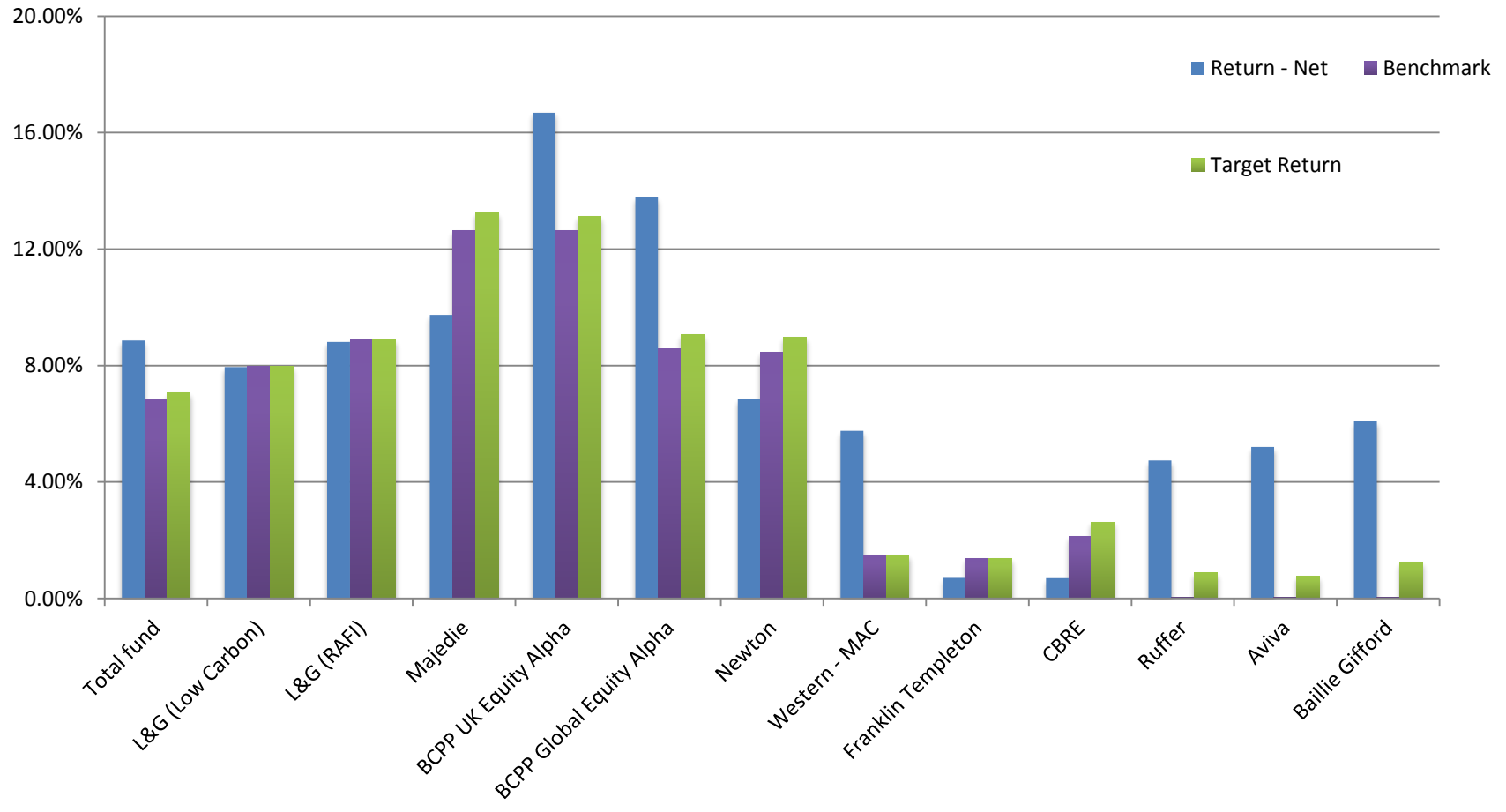
Manager	Portfolio	Benchmark Index	Performance Target relative to Benchmark
BCPP	UK Equities Alpha	FTSE All Share	+2.0%
Majedie	UK Equities – Long Only UK Equities – Directional Long/Short	FTSE All Share FTSE All Share	+2.5%
BCPP	Global Equities Alpha	MSCI ACWI	+2.0%
Newton	Global Equities	MSCI AC World	+2.0%
Various*	Private Equity	MSCI World Index	+5.0%
CBRE	Property	IPD UK All Balanced Funds	+0.5%
Baillie Gifford	Diversified Growth	UK Base Rate	+3.5%
Ruffer	Diversified Growth	UK Base Rate	+3.0%
Aviva	Diversified Growth	UK Base Rate	+5.0%
Western	Multi Asset Credit	Total return Fund (6% return has been used as a comparator/ benchmark against its performance)	+5% to +7% (+6% per annum used for reporting purposes)
Franklin Templeton	Unconstrained Global Fixed Income	Barclays Multiverse Index	+4% to +7% (+5.5% used for reporting purposes)
LGIM	Multi-Asset Equities and Bonds RAFI Multi-Factor Low Carbon Index CN - AAA-AA-A Bonds – All Stocks Index Index-Linked Gilts	MSCI World MSCI World Low Carbon Target Index Markit iBoxx GBP Non Gilts ex BBB All stock Portfolio of single stock funds structured by reference to Fund liabilities	To track the performance of the respective indices within a lower level of tracking deviation (gross of fees) over rolling 3-year periods
Internal	Cash	LIBID 7-day rate	LIBID 7 day rate

18. Fund Performance - Summary of Quarterly Results

Overall, the Fund returned 8.86% in Q3 2020/21, in comparison with the Fund's customised benchmark of 6.90% and the target return of 7.15%. The table below shows manager performance for Q3 2020/21 (net of investment manager fees) against manager specific benchmarks using Northern Trust data.

Manager	Net of Fees Performance	Benchmark Index	Benchmark Performance	Target Return
Total fund	8.86%	Customised	6.90%	7.15%
L&G (Low Carbon)	7.95%	MSCI World Low Carbon	7.98%	8.0%
L&G (RAFI)	8.81%	MSCI World	8.88%	8.9%
Majedie	9.74%	FTSE All Share	12.62%	13.25%
BCPP UK Equity Alpha	16.68%	FTSE All Share	12.62%	13.12%
BCPP Global Equity Alpha	13.77%	MSCI ACWI Index	8.56%	9.06%
Newton	6.85%	MSCI AC World	8.46%	8.96%
Western – MAC	5.75%	Total Return Fund (Using +1.5% target return as comparator)	1.50%	1.50%
Franklin Templeton	0.71%	Barclays Multiverse Index	1.38%	1.38%
CBRE	0.70%	IPD UK All Balanced Funds	2.12%	2.62%
Ruffer	4.74%	UK Base Rate	0.02%	0.88%
Aviva	5.21%	UK Base Rate	0.02%	0.76%
Baillie Gifford	6.08%	UK Base Rate	0.02%	1.26%

Q3 Performance 2020/21

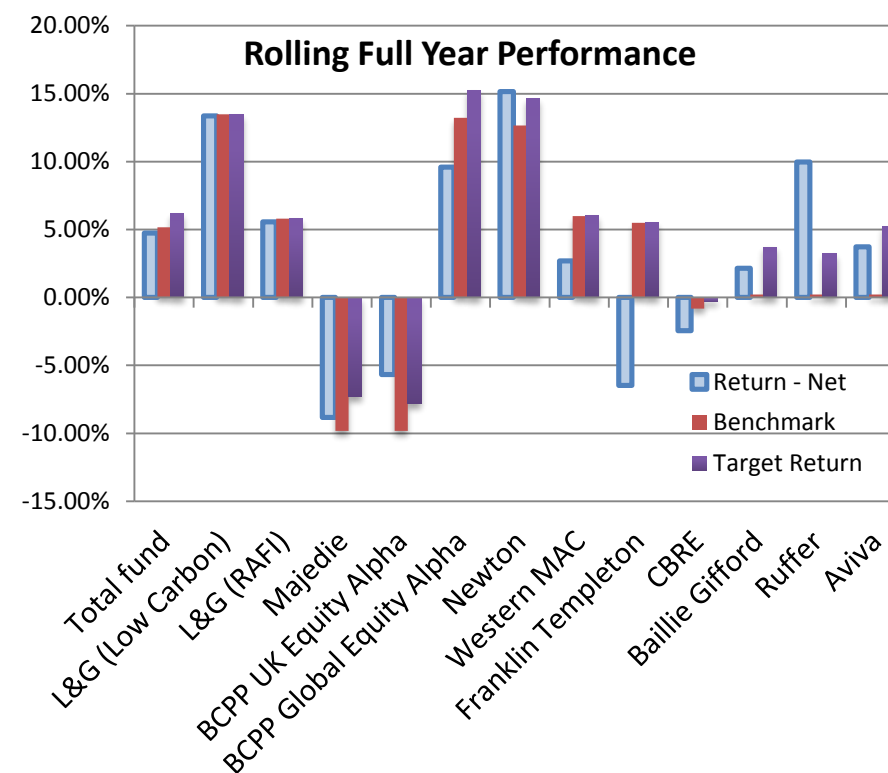


19. Summary of Full Year Investment Results

During the course of the previous 12 months to 31 December 2020, the Fund returned 4.73% net of investment fees against the customised fund benchmark of 5.17% and target return of 6.17%.

Manager	Net of Fees Performance	Benchmark	Target Return
Total fund**	4.73%	5.17%	6.17%
L&G (Low Carbon)	13.37%	13.48%	13.48%
L&G (RAFI)	5.58%	5.81%	5.81%
Majedie	-8.83%	-9.82%	-7.32%
BCPP UK Equity Alpha	-5.67%	-9.82%	-7.82%
BCPP Global Equity Alpha*	9.59%	13.22%	15.22%
Newton	15.16%	12.67%	14.67%
Western MAC	2.70%	6.00%	6.00%
Franklin Templeton	-6.47%	5.50%	5.50%
CBRE	-2.46%	-0.82%	-0.32%
Baillie Gifford	2.15%	0.21%	3.71%
Ruffer	9.96%	0.21%	3.21%
Aviva	3.73%	0.21%	5.21%

*The Total Fund performance should be reviewed in isolation of each individual fund manager, mainly due to former mandates/funds from the last year who are not currently being reported on, which have contributed to the Total Fund return. The actual performance is also driven by actual asset allocation, where an overweight asset class performing strongly can contribute more to the Total Fund return relative to its target.



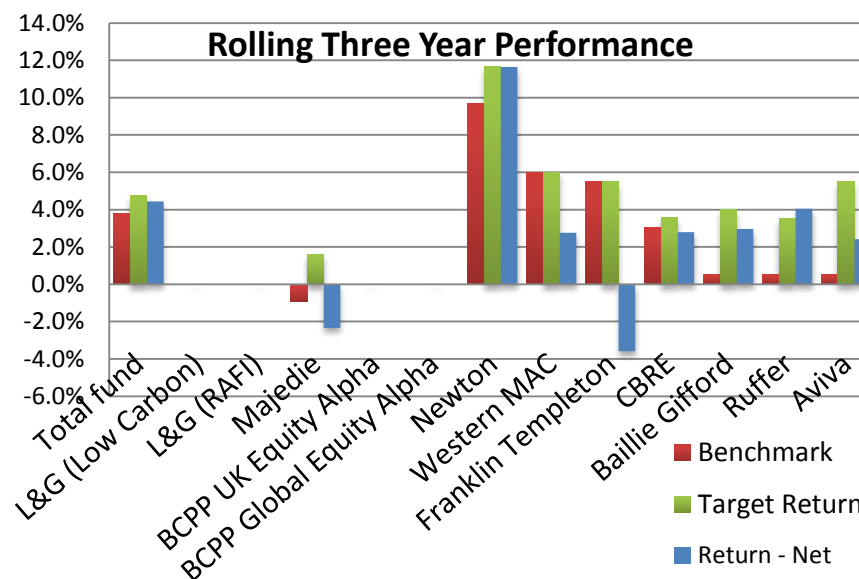
20. Summary of Rolling Three Year Performance Returns per annum as at 31 December 2020

During the course of the previous 3 years to 31 December 2020, the Fund returned 4.44% net of investment fees per annum against the customised fund benchmark of 3.77% and target return of 4.77%

Manager	Net of Fees Performance	Benchmark	Target Return
Total fund**	4.44%	3.77%	4.77%
L&G (Low Carbon)*	13.37%	13.48%	13.48%
L&G (RAFI)*	5.58%	5.81%	5.81%
Majedie	-2.34%	-0.91%	1.6%
BCPP UK Equity Alpha*	-5.67%	-9.82%	-7.82%
BCPP Global Equity Alpha*	9.59%	13.22%	15.22%
Newton	11.64%	9.68%	11.68%
Western MAC	2.75%	6.00%	6.00%
Franklin Templeton	-3.58%	5.50%	5.50%
CBRE	2.79%	3.06%	3.56%
Baillie Gifford	2.96%	0.52%	4.02%
Ruffer	4.04%	0.52%	3.52%
Aviva	2.41%	0.52%	5.52%

*The performance of these funds is not yet known due to their new inception, so 1 year returns have been reported

**The Total Fund performance should be reviewed in isolation of each individual fund manager, mainly due to former mandates/ funds from the last year who are not currently being reported on, which have contributed to the Total Fund return. The actual performance is also driven by actual asset allocation, where an overweight asset class performing strongly can contribute more to the Total Fund return relative to its target.



CONSULTATION:

21. The Chairman of the Pension Fund Committee has been consulted on this report

RISK MANAGEMENT AND IMPLICATIONS:

22. Risk related issues have been discussed and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

23. Financial and value for money implications are discussed within the report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

24. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

25. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

26. The approval of the various options will not require an equality analysis, as there is no major policy, project or function being created or changed.

WHAT HAPPENS NEXT

27. The following next steps are planned:

- Continue to transition assets onto BCPP and enhance risk adjusted returns

Contact Officer:

Mamon Zaman, Senior Pensions Finance Specialist

Consulted:

Pension Fund Committee Chairman

Annexes:

Annexe 1: Asset Allocation Policy and Actual as at 31 December 2020

PART 2 Annexe 2: Manager fee Rates

PART 2 Annexe 3: MJ Hudson Allenbridge – Manager Review 29 January 2021

Sources/background papers:

N/A

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Annex 1

Asset Allocation Update

The table shows the actual managed asset allocation as at 31 December 2020.

Category		Advisory Ranges (%)	Allocation Policy (%)	Allocation at 31/12/2020 (%)	Variance to Allocation Policy (%)
Equities		56.8 – 62.8	59.8	60.0	0.2
UK					
<i>Majedie</i>	<i>Concentrated Active</i>		5.4	0.0	-5.4
<i>BCPP UK Equity Alpha</i>	<i>Core Active</i>		12.0	10.2	-1.8
Overseas		<i>RAFI</i>	9.8	8.6	-1.2
<i>Legal and General</i>	<i>Passive</i>	<i>Low Carbon</i>	9.8	9.7	-0.1
		<i>Emerging Markets</i>	3.8	7.1	3.3
<i>Marathon*</i>	<i>Concentrated Active</i>	<i>Overseas</i>	0	2.3	2.3
		<i>Regional</i>	11.4	0	-11.4
<i>BCPP Global Equity Alpha*</i>	<i>Active</i>		0	13.1	13.1
<i>Newton</i>	<i>Core Active</i>		7.6	9.0	1.4
Property					
<i>CBRE</i>	<i>Core Active</i>	3.2 - 9.2	6.2	5.8	-0.4
Alternatives		8.4 – 14.4	11.4	9.4	-2.0
<i>Baillie Gifford</i>	<i>Diversified growth</i>		3.8	3.7	-0.1
<i>Ruffer</i>	<i>Diversified growth</i>		3.8	3.0	-0.8
<i>Aviva</i>	<i>Diversified growth</i>		3.8	2.7	-1.1
Growth Fixed Income Assets		9.1 – 15.1	12.1	12.7	0.6
Total Return					
<i>Franklin Templeton</i>	<i>Unconstrained</i>		2.4	1.4	-1.0
Multi Asset Credit					
<i>Western</i>	<i>Unconstrained</i>		9.7	11.3	1.6
UK gilts					
<i>Legal and General</i>	<i>Core Active</i>	2.5 - 8.5	5.5	4.8	-0.7
Private Markets		2.0 - 8.0	5.0	7.3	2.3
Total			100.0	100.0	0.0

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