

Notice of Meeting

Surrey Local Pension Board



Date & time
Friday, 18 February
2022 at 10.00 am

Place
Woodhatch Place, 11
Cockshot Hill, Reigate,
Surrey ,RH2 8EF

Contact
Angela Guest
Tel
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k

Chief Executive
Joanna Killian

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Angela Guest on .

Board Members

Tim Evans (Independent Chairman), David Lewis (Vice-Chairman) and Jeremy Webster Siobhan Kennedy (Surrey LGPS Members), William McKee (Surrey LGPS Members) Fiona Skene (Surrey LGPS Members) and Trevor Willington (Surrey LGPS Members)

TERMS OF REFERENCE

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.

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.

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.

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.

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES FROM THE PREVIOUS MEETING:

(Pages 5
- 14)

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

3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

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 (14/02/22).
2. The deadline for public questions is seven days before the meeting (11/02/22)
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 FORWARD PLAN AND ACTION TRACKER

(Pages
15 - 20)

The Board is asked to review its forward plan and action tracker.

6 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 10 DECEMBER 2021

(Pages
21 - 36)

The Board is asked to note the content of this report.

7 RISK REGISTERS 2021/22 QUARTER 3

(Pages
37 - 46)

The Board is asked to note the content of this report and annexes and make recommendations to the Pension Fund Committee if appropriate.

- 8 ADMINISTRATION PERFORMANCE REPORT AND UPDATE** (Pages 47 - 90)
The Board is asked to note the content of this report and annexes and make recommendations to the Pension Fund Committee if appropriate.
- 9 TURNAROUND PROGRAMME UPDATE** (Pages 91 - 96)
The Board is asked to note the content of this report and make recommendations to the Pension Fund Committee if appropriate.
- 10 PROGRESS OF 2021/22 INTERNAL AUDIT PLAN** (Pages 97 - 102)
The Board is asked to note the content of this report.
- 11 DATE OF THE NEXT MEETING**
To note the next meeting will be held on 27 May 2022.

**Joanna Killian
Chief Executive**

Published: Thursday, 10 February 2022

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.00 am on 11 November 2021 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 18 February 2022.

(* present)

Elected Members:

- * Tim Evans (Chairman)
- * Siobhan Kennedy
David Lewis (Vice-Chairman)
- * William McKee
Fiona Skene
- * Jeremy Webster
- * Trevor Willington

In attendance

Nick Harrison, Chairman of Surrey Pension Fund Committee

42/20 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were apologies for absence from Fiona Skene and David Lewis. There was an apology from Jeremy Webster for lateness. Siobhan Kennedy joined the meeting remotely.

43/20 MINUTES FROM THE PREVIOUS MEETING: [Item 2]

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

44/20 DECLARATIONS OF INTEREST [Item 3]

There were none.

45/20 QUESTIONS AND PETITIONS [Item 4]

There were none.

46/20 FORWARD PLAN AND ACTION TRACKER [Item 5]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Board noted the Forward Plan and had no further comments on it.
2. The Board reports from officers that the tracker needed to be updated further and it was suggested that target dates should be included in the tracker.

Actions/further information to be provided:

That the tracker be updated and submitted at the next meeting.

Recommendations:

The Board noted the forward plan.

47/20 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 10 SEPTEMBER 2021 [Item 6]

Speakers:

Nick Harrison, Chairman, Surrey Pension Fund Committee

Tim Evans, Chairman, Surrey Local Pension Board

Key points raised in the discussion:

1. The Chairman of the Board highlighted various elements of the work undertaken by Committee as stated in the submitted report. He informed the Chairman of the Committee, and wished it registered, that the Board were in support of the work being done by the Committee on investments.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

48/20 TURNAROUND PROGRAMME UPDATE [Item 7]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager introduced the submitted report and highlighted:
 - Phase 1 –completed migration of fire service; other migrations were on track.
 - Phase 2 – establishment of integration of one pension team was on track. In process of recruiting to the Head roles.
 - A process review was being undertaken
 - the turnaround programme was on track and milestones were being reached with no risk or concerns.
 - Trade unions had been consulted throughout the consultation process.
2. In response to a Member query regarding marketing the Strategic Finance Manager explained that the new vision was being marketed and promoted to attract a diverse set of candidates to take on the new roles advertised in the new structure.
3. In response to a Member query regarding whether there was a Gant chart to show the planned, versus actioned activities, the Strategic Finance Manager stated that he would share the timeline with Members. He stated that a report was going to the Audit & Governance Committee that gave a bit more detail around the timelines and he would share this with the Board as well.
4. The Strategic Finance Manager paid tribute to the whole team of staff.

Actions/further information to be provided:

That the Strategic Finance Manager share the timeline, and report going to Audit & Governance Committee, with Members.

Recommendations:

The Board noted the report.

49/20 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 JULY TO 30 SEPTEMBER 2021 [Item 8]

Speakers:

Clare Chambers, Acting Head of Administration
Neil Mason, Strategic Finance Manager (Pensions)
Tom Lewis,

Key points raised in the discussion:

1. The Acting Head of Administration highlighted several areas of the report including:
 - Fewer cases had been received and more had been completed, therefore the backlog had reduced
 - There had been an improvement on death cases
 - There were no breaches to report
 - Annual Benefit Statements were all sent out on time
 - A new employer website had been developed and was now live
 - The legacy removal work with Mercer was now completed
 - GMP reconciliation had moved on and the communication to members had been put together by Mercer
 - The McCloud project – 74 responses from providers had been received and another 53 responses were awaited. Once all the data had been received they would look at how to take forward. If all providers do not respond then the Acting Head of Administration would look to national guidance on how to take this forward.
2. In response to a Member query on whether there were any trends to the complaints received the Acting Head of Administration reported that the complaints received covered a broad spectrum of areas but none markedly more than others. The Strategic Finance Manager (Pensions) offered to provide an explanation of how complaints were categorised and defined to the next meeting.
3. A Member asked that where a complaint was upheld it would be useful to know if there was any action needed to prevent it happening again. The Acting Head of Administration agreed and explained that complaints were regularly monitored and whether there was any need to changes systems or processes.
4. A Member asked about whether the helpdesk information included non-response to telephone calls as this had been a problem highlighted previously. He also asked what the percentage of responses was to email enquiries against the service level agreement of three days. The Acting Head of Administration explained that the service desk did not sit under the administration team but could request the information if needed. The Strategic Finance Manager (Pensions) stated that the Programme Team were considering helpdesk activities and whether they should remain as is or sit within the Pensions Team.
5. A Member stated that it was coming up to the time when pension increases would be coming through and sought assurance that the amount

of increase would be included in the letters sent out. The Acting Head of Administration gave that assurance.

6. The Board requested that regular reports from the helpdesk be included on future agendas. The Strategic Finance Manager (Pensions) stated that this would be part of the programme update report.

Actions/further information to be provided:

The Strategic Finance Manager (Pensions) to provide an explanation of how complaints were categorised and defined to the next meeting.

Recommendations:

The Board noted the report.

Jeremy Webster arrived at 10.30am at the start of the debate on this item.

At 11am the Committee held a two minute silence for Armistice Day.

50/20 VALUATION 2022 [Item 9]

Speakers:

Tim Evans, Chairman

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Chairman introduced this report which he stated he was happy with.
2. A Member asked whether climate risk would be addressed as a risk, rather than as an add-on to the valuation. The Strategic Finance Manager (Pensions) explained the work of the Pension Fund Committee with regards to the Responsible Investment Policy and how this would fit in with discussions with the actuary around risk parameters.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

51/20 COMPLIANCE WITH THE PENSION REGULATOR'S CODE OF PRACTICE NO. 14 [Item 10]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager (Pensions) introduced the report and stated that the Regulator was in the process of reviewing its Code, and whether there should be a combined Code was still under consultation.
2. There was much discussion around the difficulty of several Members attending training dates as there was no choice on many dates given.
3. The Strategic Finance Manager (Pensions) stated that he would update the Board on the Toolkit which was the required minimum for Members of the Board. He also urged the Board to attend the Investment Strategy training on 10 December and the Pension Fund Committee AGM on 19 November.

4. One Member stated that training sessions could be recorded if requested, as she had done in the past.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

52/20 DRAFT ANNUAL REPORT & STATEMENT OF ACCOUNTS [Item 11]

Speakers:

Ayaz Malik, Senior Pensions Finance Specialist

Key points raised in the discussion:

1. The Senior Pensions Finance Specialist presented the draft Annual Report and accounts. He explained that the accounts were in the process of being audited and the auditing was expected to finish soon. The accounts were due to be presented to the Audit and Governance Committee on 29 November 2021.
2. The Board thanked the Senior Pensions Finance Specialist for the work put into this document.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

53/20 RISK REGISTERS 2021/22 - QUARTER 2 [Item 12]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)
Ayaz Malik, Senior Pensions Finance Specialist

Key points raised in the discussion:

1. The Strategic Finance Manager (Pensions) presented a revised version of the cover report (revised report attached as Annex A) – paragraphs 13 and 14 of the revised report included the revisions. He highlighted the proposed changes to the risk register which was now in the ownership of the new integrated team.
2. The Senior Pensions Finance Specialist highlighted the tracked changes in the register and the new risks added as well as those removed.
3. Risk A24 should read 'failure to maintain' rather than 'failure to implement'.
4. A Member stated that the register was an improvement and there was still scope for modifying the risks in order to focus on what was important.

Actions/further information to be provided:

None.

Recommendations:

The Board agreed the changes to the register and noted the report.

54/20 DATE OF THE NEXT MEETING [Item 13]

The Board noted that the next meeting would be held on 18 February 2022.

Meeting ended at: 11.20 am

Chairman

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 11 NOVEMBER 2021

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

SUBJECT: Risk Registers 2021/22 Quarter 2

SUMMARY OF ISSUE:

1. This report considers changes to Fund and Administration risk registers in quarter 2.

RECOMMENDATIONS:

The Board is recommended to:

2. **Note** the content of this report and the Fund Risk Register (shown as Annex 1) and the Administration Risk Register (shown as Annex 2).
3. **Make** recommendations to the Pension Fund Committee (Committee) if required.

REASON FOR RECOMMENDATIONS:

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

DETAILS:**Background**

5. A quarterly assessment of the Pension Fund and Pensions Administration risk registers will give the Board the opportunity to influence and drive the risk management process during 2021/22.
6. In a meeting of 9 February 2018, the Committee determined that future risk registers be initially reviewed by the Board and contained within the quarterly Board Report to the Committee.

The Risk Management Process

7. The risk management policy of the Surrey Pension Fund is to adopt best practice in the identification, evaluation and control of risks in order to ensure that the risks are recognised, and then either eliminated or reduced to a

manageable level. If neither of these options is possible, then means to mitigate the implications of the risks should be established.

8. Each of the risk areas in each register has been assessed in terms of its impact on the Fund as a whole, on the fund employers, and on the reputation of the Pension Fund Committee and Surrey County Council as the administering authority. Assessment has also been given as to the likelihood of the risk.
9. Each of the three areas of impact identified above is assessed on a scale of one to four, with four implying the highest level of impact. The likelihood of the risk description (between one and five) is then applied to the combined impact score, which produces an overall risk score. Depending on the score, the risks are then identified as Red, Amber or Green.
10. To comply with best practice, a scoring process has been implemented, which will reassess the risk scores after the mitigating action is taken to control and reduce the risks. The risk register includes a revised impact score and net risk score as a result of those mitigating actions.
11. Within the residual red risks, cost ranges are provided on the implications where possible.
12. In a meeting of 9 February 2018, the Pension Fund Committee requested that the Board add to their forward plan consideration of how the risks are measured and whether the weighting is appropriate.

Changes to existing risks in the Risk Register

13. The Fund and Administration risk registers have been updated to reflect members' comments from previous board meeting, all changes have been tracked. The following risks have been updated.
 - Risks F9,F11 and F21 in Annexe 1.
 - Risks A2,A3,A4,A5,A7,A10,A12,A13,A14,A18,A19 and A23 in Annexe 2.

Risks Removed

14. The Local Pensions Board should recommend to the Pension Fund Committee, the removal of the following risk:
 - Lack of guidance and process notes leads to inefficiency and errors as risk A6, with total risk of 27 (Amber) and net risk of 18 (Amber) in Annexe 2. As it is similar to risk A2.
 - Failure to get on top of the backlog leads to resource issues and management distractions as risk A11, with total risk of 44 (Red) and net risk of 32 (Red) in Annexe 2. As it is similar to risk A23.
 - Head of Pension Administration leaving the Council as risk A20, with total risk of 27 (Amber) and net risk of 18 (Amber) in Annexe 2.

- Moving out of County Hall as risk A22, with total risk of 27 (Amber) and net risk of 16 (Amber) in Annexe 2.

New risks

15. The Local Pensions Board should recommend to the Pension Fund Committee, the addition of the following risk:

- Failure to implement proper cyber security policies as Risk A24, with total risk of 22 (Amber) and net risk of 16 (Amber) in Annexe 2.

CONSULTATION:

16. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

17. Any relevant risk related implications have been considered and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

18. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

20. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

21. There are no equality or diversity issues.

OTHER IMPLICATIONS

22. There are no other implications.

WHAT HAPPENS NEXT

23. The risk registers will be presented to Pension Fund Committee on 10th December for their recommendations and approval.

Contact Officer:

John Smith
Ayaz Malik
Tom Lewis
Clare Chambers

Mel Butler

Consulted:

Local Pension Board Chairman

Annexes:

1. 2021/22 Quarter 2 Fund Risk Register
2. 2021/22 Quarter 2 Administration Risk Register

Sources/background papers:

1. None.
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Surrey Local Pension Board: Forward Plan

Date	Standing items	New items
	<ol style="list-style-type: none"> 1. Pension Committee including Border to Coast update (Summary paper) – A&G / AM 2. Risk Registers – A&G / SS 3. Administration update and performance report: including: <ol style="list-style-type: none"> a) Breaches update b) Quarterly Internal Dispute Resolution Procedure update <p>Background papers</p> <ol style="list-style-type: none"> 1. Recent Developments in LGPS – A&G/SA 	<ol style="list-style-type: none"> 1. Policy review (dates TBC)
18/02/2022		<ol style="list-style-type: none"> 1. Turnaround Programme Update 2. Internal audit update
27/05/2022		<ol style="list-style-type: none"> 1. Valuation update 2. Internal audit update 3. Compliance with the Pension Regulator's Code of Conduct 4. Valuation update
29/07/2022		<ol style="list-style-type: none"> 1. Turnaround Programme Update 2. Internal audit update 3. Valuation update 4. Annual report 5. Business continuity report 6. Cyber security
11/11/2021		<ol style="list-style-type: none"> 1. Turnaround Programme Update 2. Internal audit update 3. Valuation update 4. Update on compliance with the SAB Good Governance report

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SURREY LOCAL PENSION BOARD ACTIONS AND RECOMMENDATIONS TRACKER

The actions and recommendations tracker allows Board Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each Board. Once an action has been completed, it will be shaded green to indicate that it will be removed from the tracker at the next meeting. The next progress check will highlight to members where actions have not been dealt with.

KEY			
	No Progress Reported	Action In Progress	Action Completed

Date of meeting and reference	Item	Recommendations/Actions	To	By When	Response	Progress
27 July 2015 A1/15	Knowledge and Understanding	Board Members to advise the Board's scrutiny officer when training is completed.	Board Members		There are notifications of completed training outstanding, and the Board are asked to advise the Democratic Services Assistant once completed. The training log is regularly updated.	Ongoing
5 August 2021 A2/21	Risk Registers	That officers work with the Chairman on presenting the risk register	Head of Accounting and Governance		The Head of Accounting and Governance is in the process of reviewing the strategic risk approach with input from the Council's Strategic Risk Business Partner. An update will be brought to the LPB meeting of 27/05/2022 after consultation with the Chairman	Ongoing

COMPLETED (Will be deleted from tracker for next meeting)

13 February 2020 A3/20	Summary of the Pension Fund Committee Meeting of 20 December 2019	That Members of the Board and Fund Committee have future training alongside each other.	Pensions Finance Specialist		The training plan will be presented to the Board annually.	Completed
11 November 2021 A4/21	Administration Performance Report and Update	The Strategic Finance Manager (Pensions) to provide an explanation of how complaints were categorised and defined to the next meeting.	Asst Dir Pensions		Contained in the Administration Update Paper for the LPB meeting of 18/02/2022	Completed
13 February 2020 A1/20	Action Tracker - ITM analysis annex 2 to February's Board meeting which included a summary of the backlog.	Members will be provided with an update concerning the six cases within the frozen refund population ahead of the statutory deadline under the 2013 Regulations.	Head of Pensions Administration		<p>The ITM analysis identified 6 members who were entitled to a refund but had not claimed payment within the 5 year deadline. The PAT have implemented a new process to ensure that members who are approaching the 5 year deadline but haven't claimed their refund are sent a reminder. A quarterly report will also be sent to the Employer and Governance Manager detailing the frozen refund members who have not claimed payment within the statutory 5 year deadline, and those that are paid a refund after the 5 year deadline. This will form part of the Funds Breach Reporting.</p> <p>Nov 2021: report requested from SAS Team – this will form part of breach reporting going forward.</p> <p>Update November 2020 - members with frozen refund payments had been contacted. One third had so far responded and the team were undertaking repayments. She further</p>	Completed

					explained how the team were trying to track members and that if they could not access them within five years of their leaving then a breach of law would have to be declared, unless they were settled into an escrow account. Officers have arranged for HSBC to set up an escrow style account for discharging refunds approaching the five-year and death grants approaching the two-year deadlines.	
11 November 2021 A3/21	Turnaround Programme Update	That the Strategic Finance Manager share the timeline, and report going to Audit & Governance Committee, with Members.	Asst Dir Pensions		Link to papers available here: https://mycouncil.surreycc.gov.uk/documents/g7998/Public%20reports%20package%20Monday%2029-Nov-2021%2010.30%20Audit%20and%20Governance%20Committee.pdf?T=10	Completed
5 August 2021 A1/21	Admin Update	That the Board be sent the members' newsletter before the next meeting.	Head of Pension Administration		Distributed to democratic services and available here https://www.surreypensionfund.org/forms-and-publications/active-member-newsletter-autumn-2021/	Completed

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SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 18 FEBRUARY 2022**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF
10 DECEMBER 2021**SUMMARY OF ISSUE:**

This report provides the Local Pension Board (the Board) with a summary of any Surrey Pension Fund Committee (the Committee) meetings held since the last meeting of the Board.

RECOMMENDATIONS:

It is recommended that the Board:

Note the content of this report and make recommendations to the Committee if appropriate.

REASON FOR RECOMMENDATIONS:

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

DETAILS:**Background**

1. The Committee met on 10 December 2021. This report provides a summary of this meeting and any decisions made.

Local Pension Board report

2. The Committee received the report from the Board (shown as Annexe 1).
3. The Board report provides a summary of administration and governance issues reviewed by the Board at its last meeting for noting or action by the Pension Fund Committee.
4. The Chairman of the Board presented the report, highlighting a number of key areas:
 - a) Turnaround programme was now in Phase 2 and emphasised that it was an extensive exercise over a long period of time.

- b) The Board will work with officers to improve presentation of Administration performance statistics.
 - c) Board noted 2020/21 Annual report and Accounts.
 - d) Officers undertook considerable review of risk registers.
 - e) The chairman urged the Committee to look at the papers that went to the Board at its meeting of 11 November 2021, which were available online.
5. Pension Fund Committee chairman stated the importance of the move to a sovereign status and stressed the substantial challenges ahead with regards to annual programme and McCloud. The chair thanked the Board for their detailed monitoring.
6. The Committee resolved the following:
- a) To approve the proposed change to the risk register, as noted in the Risk Register section of the report.

Forward plan

7. The Committee noted the 2021/22 Forward Plan for the Committee. The Forward Plan is included as Annexe 2.

Investment core beliefs and the United Nation's Sustainable Development Goals (UN SDGs)

8. At its meeting of 10 September 2021, the Pension Fund Committee approved the proposed structure for a standalone Responsible Investment (RI) Policy and authorised sub-committee to work with officers, Minerva and investment consultants to progress on drafting a RI policy.
9. The investment consultant highlighted the discussion and recommendations from the first sub-committee meeting on 19th November.
- a) Transitioning from RAFI multi-factor and low carbon indexed equity assets to the Future World Fund will ensure the Fund is more closely aligned with Sustainable Development Goals. The transition will also achieve 20% reduction in carbon footprint across the equity portfolio.
 - b) Taskforce for Climate Related Financial Disclosures (TCFD) metrics will allow committee to measure scope 1 & 2 carbon emissions. Mercer introduced high-level analyses and recommended the following metrics:
 - i- Absolute greenhouse gas (GHG) emissions: likely market standard to report on total GHG emissions;
 - ii- Weighted Average Carbon Intensity (WACI): average exposure (weighted by portfolio allocation) to GHG emissions normalised by a factor such as enterprise value or revenue.
 - iii- Implied Temperature Rise (portfolio alignment): seeks to consolidate the carbon reduction and net zero targets of issuers in whom the Fund is invested into a forward-looking measure of exposure to climate related risks and their ability to capitalise on opportunities in the low carbon transition.

- c) The first two metrics are backward looking and use past data. Forward looking is an area that is growing in terms of the data available as companies are reliant on external parties and the one selected by Mercer is Implied temperature rise.
 - d) A proposed objective is to increase over time the proportion of the assets which the Committee have high quality and robust data in order to calculate the metrics. At present, such metrics are widely available for listed equities, but data for other asset classes such as bonds and private market assets is in progress. By engaging with managers, and making it clear that we expect data availability to improve over time, we expect to be able to improve measurement over time.
10. The Assistant Director explained that in terms of next steps, the officers will liaise with Mercer and once data is available a meeting with subcommittee will be organised and further recommendations will be brought forward to committee.
11. The Committee resolved the following:
- a) Notes the progress of the sub-committee on drafting a Responsible Investment Policy for further consideration.
 - b) To approve officers to work with the sub-committee, the independent investment advisor, investment consultant and Border to Coast to establish a total emissions and weight adjusted carbon intensity (WACI) for backward looking metrics and portfolio aligned, implied temperature rise for forward looking metrics in respect of the Fund's Taskforce for Climate Related Financial Disclosures (TCFD) report.
 - c) Approve for officers to work with the sub-committee, the independent investment advisor, investment consultant and Border to Coast to model a low carbon transition plan, applying scenario analysis using the agreed TCFD metrics based on dates of 2030, 2040 and 2050.
 - d) Supports the revised Border to Coast Responsible Investment (RI) Policy 2022 and Corporate Governance and Voting Guidelines 2022, subject to the continuing work between the Fund and Border to Coast to align our approaches consistent with the Fund's standalone Responsible Investment Policy currently in design stage.

Company engagement and voting

12. The report summarised the various Environmental Social & Governance (ESG) engagements that the Fund, Local Authority Pension Fund Forum (LAPFF), Robeco, and Border to Coast Pensions Partnership (BCPP) have been involved in.
13. 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.
14. The Committee resolved the following:
- a) That ESG Factors were fundamental to the Fund's approach was

confirmed as consistent with the Mission Statement through;

- i- Continuing to enhance its own Responsible Investment Approach, its Company Engagement policy, and SDG alignment, referenced in the Investment Core Beliefs & SDG Mapping report.
 - ii- Acknowledging the outcomes achieved for quarter ending 30 September 2021 by Robeco in their Active Ownership approach and the LAPFF in its Engagement with multinational companies as at 30 September 2021. A working group had been set up to continue this work going forward, of which the Fund has chosen to participate in going forward.
- b) That the LAPFF be invited to speak at a future meeting.
 - c) That Robeco information be attached as an appendix to future reports to the Committee.
 - d) Further information is provided on votes against management, including details of the vote and the outcome.

Competitions and Markets Authority (CMA) Investment Consultant Objectives

- 15. The Assistant Director explained that Competition Markets Authority (CMA) requires review of strategic objectives for the Investment Consultant (IC) at least every three years. Although it is a good practice to review IC performance annually. An independent review wasn't carried out as Fund reappointed current IC Mercer and the procurement exercise provided a good opportunity to test their investment capabilities. However, further work will be carried in next financial year.
- 16. The Committee resolved the following:
 - a) That the Strategic Objectives for Investment Consultants of the Fund is line with CMA Requirements be noted.
 - b) That compliance against the strategic objectives by the Investment Consultant provider for 2021 be noted.
 - c) That the submission of the CMA Statement and Certificate for 2021 be approved.

Investment Strategy Review

- 17. The Assistant Director presented the project plan for the investment strategy review. It was highlighted that investment strategy will be reviewed in line with 2022 Actuarial valuation and that RI aspects will be incorporated into the investment strategy review.
- 18. The Assistant Director also explained that decisions from 2019 were still being implemented and reiterated the length of time it could take to implement changes to the asset allocation.
- 19. The Committee resolved the following:
 - a) To approve the high-level project plan for the Investment Strategy Review.

Investment and funding report

- 20. The main findings of the report were that the Fund's value as at 30 September 2021 was £5.257bn and its liabilities were £4.756bn, making the funding level 110%.

21. Cash flow also remains positive. Half-yearly (quarters one-two) cash-flow is +£13,346,365.
22. The Senior Pensions Finance Specialist highlighted that in October 2021, the Fund transitioned assets from Franklin Templeton and Western Multi Asset Credit (MAC) to Border to Coast Multi Asset (BCPP) Credit Fund. The Fund was also in process of transiting assets from Diversified Growth Funds, which includes Aviva, Ruffer and Baillie Gifford to Border to Coast.
23. The Committee resolved the following:
- a) That a briefing note be provided to the Committee on stock funding, namely how it works and the benefits and risks of doing so.

Border to Coast update

24. The Committee noted the following:
- a) Meetings since the last Pension Fund Committee meeting of 10 September.
 - b) Border to Coast Joint Committee (JC) meeting of 23 November 2021;
 - c) Details of the Border to Coast Asset Transfer Planning 2022-25
 - d) Details of changes to key personnel at Border to Coast
 - e) Update on the multi-asset transition
 - f) Update on the UK Equity Alpha Fund
 - g) Update on the Alternatives Series 2 launch, including climate opportunities.

CONSULTATION:

25. The Chairman of the Local Pension Board has been consulted on this repo

RISK MANAGEMENT AND IMPLICATIONS:

26. Any relevant risk related implications have been considered and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

27. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

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

LEGAL IMPLICATIONS – MONITORING OFFICER

29. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

30. There are no equality or diversity issues.

OTHER IMPLICATIONS

31. There are no other implications.

WHAT HAPPENS NEXT

32. The following next steps are planned:

- a) Further updates will be provided to the Board at its next meeting.

Contact Officer:

Neil Mason, Assistant Director - LGPS Senior Officer

Consulted:

Local Pension Board Chairman

Annexes:

1. Board Report to the Committee meeting of 10 December 2021
2. Committee Forward Plan

Sources/background papers:

1. The revised Investment Strategy Statement
 2. The BCPP website [Border to Coast Pensions Partnership](#)
 3. The BCPP JC website [Browse meetings - BCPP Joint Committee - South Yorkshire Joint Secretariat](#)
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SURREY COUNTY COUNCIL

PENSION FUND COMMITTEE



DATE: 10 DECEMBER 2021

LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR CORPORATE FINANCIAL & COMMERCIAL COMMENTARY

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

This report recommended that the Pension Fund Committee:

1. Notes the minutes of the Local Pension Board meeting of 5 August 2021 (shown as Annexe 1).
2. Approves the following changes to the administration risk register (Shown as Annexe 2):
 - a) Notes the minutes of the Local Pension Board meeting of 5 August 2021 (shown as Annexe 1).
 - b) Approves the following changes to the administration risk register (Shown as Annexe 2):
 - i- Risk A2 Lack of process ownership leads to ineffective processes and errors,
 - ii- A3 Failure to follow up on outstanding issues results in inefficiency and damaged reputation.
 - iii- A4 Lack of capability of the admin system leads to inefficiency and disruption,
 - iv- A7 Unstructured training leads to underdeveloped workforce resulting in inefficiency,
 - v- A10 Gaps in skills and knowledge due to key person/single point of failure and different skill requirements leads to inefficiency and poor performance,
 - vi- A11 Failure to get on top of the backlog leads to resource issues and management distractions,
 - vii- A12 Failure to identify GMP liability leads to ongoing costs for the pension fund,
 - viii- A14 Lack of productivity leads to impaired performance,
 - ix- A19 The Pensions Payroll process had migrated onto the Altair system from SAP in Nov 17. The risk of errors in the current processes are increased by the core Altair payroll

-
- x- system not being integrated with the BACS generator application meaning items have to be recorded twice.
 - A20 Head of Pension Administration leaving the Council may dilute the organisation's collective knowledge and impact on decision making,
 - xi- 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 and new risk and
 - xii- A24, 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.

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.

DETAILS:

Forward plan and action tracker

1. The Board was asked to review the forward plan and action tracker and the Chair noted that it was an incorrect version.
2. The Board discussed training requirements.
Actions
 - a) Corrected action tracker version to be provided.
 - b) Public Sector Toolkit link to be resent and the completion monitored more closely.
 - c) The material on SharePoint and its archive are to be shared.

Turnaround Programme Update

3. After a review of the Orbis partnership between ESCC and SCC, it was decided that management of pension administration should revert to the sovereign control of both councils.
4. SCC retained legacy responsibility for managing the administration of Surrey fire fighters pension scheme and the 4 London Boroughs' LGPS funds (Kensington & Chelsea; Westminster; Hammersmith & Fulham and Hillingdon).
5. After initially failing to agree on a revised pricing model, these bodies are all now in the process of exiting Surrey's management from April 2021 to February 2022.

6. The Pension Turnaround Programme was established with Phase 1 overseeing the dissolution of the Orbis pension partnership, along with reversion to sovereign authorities and the exit of the London Boroughs and Phase 2 focusing on redesigning the organisation. A three-year roadmap has been developed, which was presented to the Board.

Phase 1 programme update

7. Completed activity since the last update:
 - a) Migration of SFRS.
 - b) Migration of London Borough of Hillingdon.
8. Planned activity:
 - a) Ongoing activity with the exits of Westminster City Council and the London Borough of Hammersmith and Fulham.

Phase 2 programme update

9. Executive Summary:
 - a) Consultation period closed
 - b) Response to consultation including final structure issued to all staff and Tus
 - c) Bespoke workshops to support staff with expressions of interest and interview planning underway
 - d) Recruitment for Heads of Service planned and interview dates known
 - e) Recruitment approach for all other roles agreed
 - f) Marketing campaign starting with AON webinar and “teaser” video planned
10. Organisational redesign update:
 - a) Completed activity this period: n/a
 - b) Planned activity for next period:
 - i- Meeting with Heywoods to explore what capability is available that we may not be leveraging;
 - ii- Prepare Business Case to set out options for Pensions Helpdesk.
 - c) Risks/dependencies:
 - iii- Maintain ongoing dialogue with Business Operations re Pensions Helpdesk (i.e. to determine whether current design can meet future aims and ambitions at a cost that delivers the best value) so that decision can be made at an appropriate point
11. People and recruitment update:
 - a) Completed activity this period:
 - i- Equality Impact Assessment completed;
 - ii- Voluntary severance applications confirmed;
 - iii- Response to consultation document including confirmed structure issued to staff and Trade Unions (confirmed structure is included as Annexe 1);
 - iv- Marketing campaign in progress.
 - b) Planned activity for next period:
 - i- Finalise marketing campaign;
 - ii- “Teaser” marketing video launched;
 - iii- AON webinar;
 - iv- Head of Service advertisements and shortlisting completed;
 - v- Head of Accounting & Governance interviews (ringfenced post).

- c) Risks/dependencies:
 - i- Date by which leadership structure can be in place is dependent on notice periods of successful candidates – likely to be longer notice periods if external appointments made.
12. Process and technology update:
- a) Completed activity this period: n/a
 - b) Planned activity for next period:
 - i- Complete review of process maps and make recommendations for next steps;
 - ii- Early engagement with IT&D to ensure resource is in place when needed;
 - iii- Engagement with Heywoods to ensure leveraging capability with current system and exploring future capabilities.
 - c) Risks/dependencies:
 - i- Progress and completion of process mapping could be delayed due to impact of consultation on staff leading this work.
13. Culture and training update:
- a) Completed activity this period:
 - i- Work continuing with Human Resources for most appropriate approach to culture change strategy.
 - b) Planned activity for next period:
 - i- Identify resource to build new process training manuals and approach.
 - c) Risks/dependencies:
 - i- Resistance to change could undermine success of new culture.
14. Communication and engagement update:
- a) Completed activity this period:
 - i- Bespoke workshops to support staff with preparing expressions of interest and interviews have been well attended with positive feedback received;
 - ii- Dedicated pensions inbox remains open for staff queries.
 - b) Planned activity for next period:
 - i- Further interview skills workshops;
 - ii- Whole of Pensions meeting to take forward BAU priorities post consultation.
 - c) Risks/dependencies: n/a

Administration Performance Report and Update

Legacy Removal

15. Surrey Pension Service procured JLT (now Mercer) to support the removal of a significant backlog in undecided leaver cases (also known as status 2s). It was agreed in 2019 that this backlog should be reduced in time for the valuation in 2022 in order to improve the accuracy of the triennial valuation.

McCloud

16. The government decided that the general principles apply to all public sector pension schemes and has consulted on amending the LGPS Regulations.

17. Employers will be required to provide additional payroll data including some pre-2014 data, which may pose challenges, in order apply the remedy.
18. The potential financial impact at the last valuation has been estimated by Hymans to be 0.5% of the total fund worth.

Guaranteed Minimum Pension (GMP) Reconciliation Project

19. Surrey Pension Service procured the service of JLT (now Mercer) to undertake the rectification of members' GMPs in line with the HMRC guidance, with a view to full rectification in the next 9 – 12 months.
20. This work should ensure that our member's GMPs are correct, resulting in fewer over/ underpayments.

Performance

21. Surrey Pensions Administration Team received 4,899 new KPI case in the quarter, 649 fewer than the number received between April and June 2021. However, 5,627 cases were completed during in quarter 2 compared to 5,298 cases completed in quarter 1.
22. The number of cases open at the end of September 2021 has fallen by 722 to 9,534 when compared to the previous quarter.
23. There were 6,913 cases more than six months old quarter 2 including 4,912 cases over 2 years old. It is expected that, as the London Borough Funds exit, there will be increased capacity within the team to tackle the overdue cases.
24. There have been improvements in Survivors' Pension Payments, Death Benefits payable and Balance of Payments all of which are KPIs set by the Pensions Regulator (tPR). These improvements are attributable to the introduction of a new method in allocating work to each Hub Team, coupled with the creation of a 5th Hub (team), by drawing members from the other 4 Hubs.

Administration Team Update

25. Following discussions regarding staff productivity at the last Local Pension Board meeting, an action was taken to provide further information on Performance.
26. A separate team was set up to focus on project work including the London Borough exits and other projects. The existing teams are focusing on Surrey pension fund work as it becomes due for action.
27. The implementation of a new work allocation process has begun to improve the monthly KPIs.
28. There was a slight dip in the number of tasks completed in August due to staff absences (annual leave), which was higher than July.

Complaints

29. During the period 1 July to 30 September 2021 a total of 10 complaints were received, a reduction from the 22 received in the previous quarter. 5 of these were responded to within the corporate service legal agreement and 5 were resolved outside that timescale.

30. The Board expressed an interest in receiving more insight into complaints.

Actions:

- a) Officers will provide feedback on current complaints process

Internal Dispute Resolution Procedure (IDRP) Appeals

31. Two stage 1 appeals were determined, which were both declined, and one stage 2 was determined and partially upheld. Three Pensions Ombudsman cases were received in the quarter.

Breach of Law

32. There were no breaches to report.

Engagement and Education

33. The team has built a new Employer Website supported by Surrey County Council's Digital Team. This has now gone live and was launched to scheme employers in the employer newsletter issued on 30 September. The website was trialled with the District and Borough Councils first for early sight and feedback from this tranche of employers.

34. A new Surrey Pension Fund member website is also being developed in conjunction with Hymans who provide the website.

35. Quarterly meetings are now in place with HR and Finance representatives from the District & Borough Councils, and Surrey Police.

36. The Board noted its surprise that Helpdesk case handling was not provided within the integrated pension service.

Actions:

- b) Officers will provide update on Helpdesk provision in future Turnaround Programme updates.

Valuation 2022

37. The Fund's actuary, Hymans Robertson, carries out a valuation of the Fund's assets and liabilities (currently) every three years. They set the primary and secondary contribution rates for all employers in the Fund and the accompanying investment strategy is derived from this valuation.

38. The next triennial valuation is due on 31 March 2022 (effective 1 April 2023) and the project timeline for the next valuation runs from July 2021 to April 2023.

39. Members of the Committee will be provided with training on the valuation

process by the Fund actuary.

40. Officers will work with Hymans to refine this plan and report regularly on progress towards the valuation to the Board.

Compliance with the Pension Regulator's Code (tPR) of Practice 14

41. Compliance with the Pension Regulator's Code of Practice 14 gives assurance that the Fund has effective processes and practices in place for the administration of the Pension Fund.
42. Although tPR consulted on introducing a Single Code of Practice in 2021, it has been paused following mixed feedback and it is not expected to be implemented until late summer 2022.
43. The Compliance checklist shows Surrey Pension Fund's progress on 'Partially' complete sections of TPR Code of Practice no 14 and whether further actions are required. The Fund is compliant in most areas; however, there are some where the Fund is making progress towards being able to demonstrate full compliance and they will be prioritised.

Draft Annual Report and Statement of Accounts

44. The external auditor is required to report on the Pension Fund Financial Statements. During the external audit, Grant Thornton identified some inconsequential issues, which led to minor amendments being made to the 2020/21 draft financial statements and related notes to the accounts.
45. The draft Pension Fund Accounts were presented to the Pension Fund Committee in July 2021. They approved the draft accounts subject to them being fully audited.
46. The Final Pension Fund Accounts along with the Council Accounts will be presented to the Audit and Governance Committee.

Risk Registers 2021-22 Quarter

47. The Senior Finance Manager (Pensions) explained that Surrey is considering replacing the Treasury's Orange Book model of risk management and relacing with a different method.

Action:

- a) The Chair to further explore the risk methodology.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

50. 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 CORPORATE FINANCIAL & COMMERCIAL COMMENTARY

51. The Director of Corporate Financial & Commercial is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

52. 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

53. 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.

OTHER IMPLICATIONS

54. There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

55. The following next steps are planned:

- a) Monitor the progress of the Turnaround Program.
- b) Receive further reports and continue collaboration between the Pension Fund Committee and Local Pension Board.

Report contact: John Smith, Pension Governance and Employer Manager, Clare Chambers, Acting Head of Pensions Administration

Contact details: T: 020 8213 2700 E-mail: john.smith@surreycc.gov.uk, 07779 971634, clare.chambers@surreycc.gov.uk

Annexes:

1. Minutes of the Local Pension Board meeting 11 November 2021.
2. Administration Risk Register.

Surrey Pension Fund Committee: Forward Plan

Standing Items				
a) Border to Coast Update				
Investment		Governance		
b) Investment and Funding Update				
Investment		Funding		
c) Local Pension Board Update				
Governance		Delivery		
d) Engagement and Voting Update				
Investment				
New items				
Date	Investment	Funding	Governance	Delivery
10/12/2021	a) Review Competitions Market Authority (CMA) investment consultant strategic objectives b) Responsible Investment update c) Investment strategy review		a) LGPS Update (background paper)	

Surrey Pension Fund Committee: Forward Plan

March 2022	<ul style="list-style-type: none"> a) Pension fund budget 2022/23 b) Responsible Investment update c) Report on Cost Effective Measurements (CEM) investment benchmarking d) Investment strategy review 	<ul style="list-style-type: none"> a) 2022 valuation update 	<ul style="list-style-type: none"> a) Business plan 2022/23 	
June 2022	<ul style="list-style-type: none"> a) Investment strategy review 	<ul style="list-style-type: none"> a) 2022 valuation update 	<ul style="list-style-type: none"> a) Business plan 2021/22 outturn report 	

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 18 FEBRUARY 2022

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

SUBJECT: RISK REGISTERS 2021/22 QUARTER 3

SUMMARY OF ISSUE:

This report considers changes made to the risk registers of quarter 3 of 2021/22 (October to December 2021) for Surrey Pension's Fund and Administration services.

RECOMMENDATIONS:

The Board is recommended to:

1. **Note** the content of this report and the Fund Risk Register (shown as Annex 1) and the Administration Risk Register (shown as Annex 2).
2. **Make** recommendations to the Pension Fund Committee (Committee) if required.

REASON FOR RECOMMENDATIONS:

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

DETAILS:

Background

1. A quarterly assessment of the Pension Fund and Pension Administration risk registers will give the Board the opportunity to influence and drive the risk management process during 2021/22.
2. In a meeting of 9 February 2018, the Committee determined that future risk registers be initially reviewed by the Board and contained within the quarterly Board Report to the Committee.

The Risk Management Process

3. The risk management policy of the Surrey Pension Service is to adopt best practice in the identification, evaluation and control of risks in order to ensure

that the risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible, then means to mitigate the implications of the risks should be established.

4. Each of the risk areas in each register has been assessed in terms of its impact on the Fund as a whole, on the fund employers, and on the reputation of the Pension Fund Committee and Surrey County Council as the administering authority. Assessment has also been given as to the likelihood of the risk.
5. Each of the three areas of impact identified above is assessed on a scale of one to four, with four implying the highest level of impact. The likelihood of the risk description (between one and five) is then applied to the combined impact score, which produces an overall risk score. Depending on the score, the risks are then identified as Red, Amber or Green.
6. To comply with best practice, a scoring process has been implemented, which will reassess the risk scores after the mitigating action is taken to control and reduce the risks. The risk register includes a revised impact score and net risk score as a result of those mitigating actions.
7. Within the residual red risks, cost ranges are provided on the implications where possible.
8. In a meeting of 9 February 2018, the Pension Fund Committee requested that the Board add to their forward plan consideration of how the risks are measured and whether the weighting is appropriate.

Changes to existing risks in the Risk Register

9. The Fund and Administration risk registers have been updated to reflect members' comments from previous board meeting, all changes have been tracked. New risk owners have also been allocated to take account of the imminent transition to the new operating structure who have reviewed the risk registers. The following risks have been updated.

Annexe 1:

- Total Residual Risk scores (column R) of F3, F4, F13, F14, F16 and F17 have been lowered by reducing its likelihood.
- Total Inherent Risk score (column J) of F19 has been increased by increasing its likelihood.
- Risk F12 is no longer relevant.

Annex 2:

- Total Inherent Risk scores (column J) have been lowered by reducing the various impacts (in columns E to I and shown below in brackets) of the following risks:
 - A1 and A9 (Financial),
 - A2, A17 and A18 (Services and Reputational),

- A3, A4, A5, A12, A23 and A24 (Financial, Services and Reputational),
 - A10 (Financial and Reputational),
 - A13 (Likelihood), and
 - A21 (Reputational).
- The following risks are being suggested to be removed with reasons (shown in brackets) and see details in Risks Removed section below:
 - A7 (suggested closure due to risk mitigation),
 - A8 (suggested closure due to Surrey only now),
 - A14 (suggested closure due to controls in place),
 - A15 (proposed closure due to Risk A2 above), and
 - A19 (suggested closure because process embedded in service).

No change – A16

Risks Removed

10. The Local Pensions Board should recommend to the Pension Fund Committee, the removal of the following risks:

- Risk F12 in Annexe 1: Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and its aftereffects.
- Risks A6, A11, A20 and A22 in Annexe 2 to be removed as detailed in the Revised Risk Register Cover Report of 11 November 2021 – Minute Item 53/20).
- Risk A7 is being suggested to be closed due to risk mitigating measures implemented - Training plans and matrices are now in place for all staff to enhance development, including formal external training which provides accreditation. The introduction of a Training Officer has formalised this and reduced the risk, giving the structure required.
- Risk A8 is being suggested to be closed due to the risk reduced - With the final LOBO partner having migrated in January, its proposed this risk be closed as we are now a single provider to Surrey Scheme only.
- Risk A14 is being suggested to be closed as there are controls in place to manage both individual and service performance.
- A15 is being proposed to be closed in view of the changes made to reduce the Inherent Risks in Risk A2. and
- A19 is being suggested to be closed due to Immediate payments and Admin to pay processes providing tighter controls and close to as fully automated as possible. The move to Unit 4 for Surrey County Council as its new payroll and financial system may provide opportunities.

CONSULTATION:

11. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

12. Any relevant risk related implications have been considered and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

13. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

15. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

16. There are no equality or diversity issues.

OTHER IMPLICATIONS

17. There are no other implications.

WHAT HAPPENS NEXT

18. The risk registers will be presented to Pension Fund Committee on 10th March for their recommendations and approval.

19. The separate risk registers will be combined and reviewed following the integration of the team in May 2022. Any new risks identified will be added at this time.

Contact Officers:

Paul Titcomb
Colette Hollands
Tom Lewis
Clare Chambers

Consulted:

Local Pension Board Chairman

Annexes:

1. 2021/22 Quarter 3 Fund Risk Register
2. 2021/22 Quarter 3 Administration Risk Register

Sources/background papers:

1. None.
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Risk group	Risk Ref.	Risk Description	Risk Owner	Inherent Risk					Total risk score	Control actions	Residual risk					Reviewed on	Changes made during review	
				Impact				Total			Impact				Total			
				Fund	ER's	Reph	Likely				Fund	Service	Reph	Likely				
Funding	F1	Price inflation is significantly more or less than anticipated: an increase in CPI inflation by 0.1% would increase the liability valuation by 1.4%	Head of Accounting and Governance (Paul Titcomb (PT))	4	4	4	12	4	48	TOLERATE- 1) The discount rate used for the 2019 actuarial valuation is derived from CPI inflation, so the value of Fund liabilities will be calculated with reference to CPI. 2) The assumptions of the Fund actuary are prudent and allow for variations in inflation and interest rate fluctuations	4	4	4	12	4	48	Feb-22	'Change to risk owner to reflect new pensions team structure.
Funding	F2	Members living longer: adding one year to life expectancy would approximately increase the liability by 3-5%.	PT	4	4	1	9	5	45	TOLERATE- 1) The Fund Actuary uses long term longevity projections in the actuarial valuation process. 2) SCC has joined Club Vita, which would allow to monitor mortality rates that are employer and postcode specific.	4	4	1	9	5	45	Feb-22	Change to risk owner to reflect new pensions team structure.
Funding	F3	Pay increases are significantly more than anticipated for employers within the Fund.	PT	4	4	3	11	3	33	TREAT / TOLERATE- 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions, any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to be made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits.	4	4	3	11	2	22	Feb-22	Change to risk owner to reflect new pensions team structure. Likelihood reduced from 3 to 2 due to mitigating actions
Funding	F4	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	PT	4	3	3	10	4	40	TREAT- 1) Active investment strategy and asset allocation monitoring from Committee officers and consultants. 2) 2019 Investment strategy review is current. 3) Separate source of advice from Fund's independent advisor. 4) Setting of Fund specific benchmark relevant to the current position of fund liabilities. 5) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.	4	3	3	10	1	10	Feb-22	Change to risk owner to reflect new pensions team structure. Likelihood reduced from 3 to 1 due to mitigating actions
Funding	F5	Impact of increases to employer contributions following the actuarial valuation	PT	3	3	3	9	3	27	TREAT- 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes.	3	3	3	9	2	18	Feb-22	Change to risk owner to reflect new pensions team structure.
Funding	F6	Impact of government policy on the employer workforce.	PT	3	2	1	6	3	18	TREAT / TOLERATE- 1) The Fund actuary uses prudent assumptions on future of workforce. The fund has regular communications with employer to allow them to flag up major changes in workforce. 2) Need to make worst case assumptions about diminishing workforce when carrying out the actuarial valuation.	2	2	2	6	2	12	Feb-22	Change to risk owner to reflect new pensions team structure.
Funding	F7	HM Treasury and Scheme Advisory Board cost management process has a implied increase in employer contributions.	PT	2	2	2	6	4	24	TREAT / TOLERATE - 1) The Fund actuary stabilises employer contribution, which reduces the impact of conditions which could otherwise produce spikes in contribution rates. 2) Communicate with employers and explore the opportunity for the strengthening of their covenant by the provision of additional security to the Fund.	1	4	3	8	2	16	Feb-22	Change to risk owner to reflect new pensions team structure.
Funding	F8	Additional costs as a result of the McCloud judgement.	PT	3	3	1	7	4	28	TOLERATE / TREAT - 1) Depending on DHULC's response to the ruling, the actuary may reconsider the funding position, the investment advisers may reposition assets to compensate and the Service Delivery Team may need more resource but ultimately, it is likely to have an impact on employers' contribution rates.	3	3	1	7	3	21	Feb-22	Change to risk owner to reflect new pensions team structure.
Investment	F9	Increased risk to global financial stability. Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, leading to tightened financial conditions, reduced risk appetite and raised credit risks.	Head of Investments and Stewardship (Neil Mason (NM))	4	3	3	10	5	50	TREAT / TOLERATE- 1) Increased vigilance and continued dialogue with managers as to events on and over the horizon. 2) Continued investment strategy involving portfolio diversification and risk control. 3) Investment strategy review will accompany the 2022 actuarial valuation.	4	3	3	10	4	40	Feb-22	Change to risk owner to reflect new pensions team structure.
Investment	F10	Investment Managers fail to achieve performance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of c£5m	NM	4	4	4	12	3	36	TREAT- 1) The Investment Management Agreements clearly state SCC's expectations in terms of performance targets. 2) Investment manager performance is reviewed on a quarterly basis. 3) The Pension Fund Committee should be positioned to move quickly if it is felt that targets will not be met. 4) Having Border to Coast as an external manager facilitates a smooth transition of assets into the pool and provides an additional layer of investment due diligence. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures.	4	4	4	12	2	24	Feb-22	Change to risk owner to reflect new pensions team structure.
Investment	F11	Investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	NM	4	3	3	10	4	40	TREAT / TOLERATE- 1) Proportion of asset allocation made up of equities, bonds, property and alternatives, limiting exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation. 3) Actuarial valuation and asset/liability study take place automatically at least every three years. 4) FRS102/IAS19 data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance is a measure of CPI over gilts, which is regarded as achievable over the long term when compared with historical data.	4	3	3	10	3	30	Feb-22	Change to risk owner to reflect new pensions team structure.
Investment	F12	Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and its after effects.	NM	3	3	3	9	5	45	TOLERATE- 1) Officers to consult and engage with advisors. 2) Future possibility of looking at move from UK to Global benchmarks on UK Equities and UK Property. 3) Possibility of further hedging of currency movements against Sterling.	3	3	3	9	5	45	Feb-22	Investment conditions have now adapted to Brexit. Proposed to remove risk.
Investment	F13	Risk of losses through the transition of assets to Border to Coast.	NM	2	3	2	7	4	28	TREAT / TOLERATE- 1) Independent Transition manager appointed by Border to Coast. 2) Independent transition advice appointed by Partner funds. 3) Market fluctuations between original and new portfolio are impossible to predict.	2	3	2	7	2	14	Feb-22	Change to risk owner to reflect new pensions team structure. Likelihood reduced from 3 to 2. No significant transition costs have been incurred to date, due to treatments identified.
Investment	F14	Financial loss of cash investments from fraudulent activity.	NM	4	4	4	12	3	36	Investment loss is minimised. Governance arrangements are in place in respect of the Pension Fund. External advisors assist in the development of the Investment Strategy. Fund Managers/BCPP have to provide SAS70 or similar (statement of internal controls). 2) The pensions team is currently working to get more direct control of pension fund banking.	4	4	4	12	1	12	Feb-22	Change to risk owner to reflect new pensions team structure. Likelihood reduced from 3 to 1 due to addition of an additional (2nd) treatment.
Investment	F15	Financial failure of a fund manager leads to increase costs and service impairment.	NM	4	3	4	11	3	33	TREAT - 1) Fund is reliant upon current adequate contract management activity. 2) Fund is reliant upon alternative suppliers at similar price being found promptly. 3) Fund is reliant on the scale and risk management opportunity offered by BCPP.	4	3	4	11	2	22	Feb-22	Change to risk owner to reflect new pensions team structure.
Investment	F16	Insufficient attention to environmental, social and governance (ESG) factors leads to underperformance and reputational damage.	NM	1	1	4	6	4	24	TREAT- 1) Review ISS in relation to published best practice (e.g. Stewardship Code). 2) Ensure fund managers are encouraged to engage and to follow the requirements of the BCPP Responsible Investment Policy. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and all assets held with BCPP are monitored by Robeco, this raises awareness of ESG issues and facilitates engagement with fund managers. 4) The Fund has approved a Stewardship Code and a share voting policy which provides specific guidance in the voting of company resolutions. 5) The Fund complies with the BCPP Responsible Investment Policy. 6) Fund reviewing a responsible investment approach, assisted by a dedicated Responsible Investment sub-committee. 7) Fund engaging with holding companies.	1	1	4	6	1	6	Feb-22	Likelihood reduced from 3 to 1 due to the significant work being undertaken by the Responsible Investment sub-committee.

Risk group	Risk Ref.	Risk Description	Risk Owner	Inherent Risk				Total risk score	Control actions	Residual risk				Reviewed on	Changes made during review		
				Impact						Impact							
				Fund	EP's	Rep'n	Total			Fund	Service	Rep'n	Total				
Investment	F17	Impact of Climate Change risk on value of Fund's investments as a result of failing to adapt to a low carbon economy, in light of IPCC's Oct 2018 report on Climate Change.	NM	2	1	3	6	4	24	2	1	3	6	1	6	Feb-22	Change to risk owner to reflect new pensions team structure. Residual likelihood reduced from 3 to 1 due to the significant work being undertaken by the Responsible Investment sub-committee and recent changes in the global indexed asset allocation.
Investment	F18	Counterparty risk within the SCC treasury management operation.	NM	2	2	2	6	2	12	2	2	2	6	1	6	Feb-22	Change to risk owner to reflect new pensions team structure.
Investment	F19	Inaccurate cash flow forecasts or drawdown payments lead to shortfalls on cash levels and borrowing becomes necessary to ensure that funds are available.	NM	2	1	1	4	4	16	2	1	1	4	1	4	Feb-22	Change to risk owner to reflect new pensions team structure. Inherent likelihood increased from 2 to 4 due to change in the asset allocation with more exposure to private market assets.
Governance	F20	Failure to take difficult decisions inhibits effective Fund management.	Head of Accounting and Governance (Paul Titcomb (PT))	3	2	4	9	3	27	3	2	4	9	2	18	Feb-22	Change to risk owner to reflect new pensions team structure.
Governance	F21	Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within time scales.	PT	1	2	4	7	4	28	1	2	4	7	3	21	Feb-22	Change to risk owner to reflect new pensions team structure.
Governance	F22	Changes to LGPS regulations.	PT	3	2	1	6	3	18	3	2	1	6	2	12	Feb-22	Change to risk owner to reflect new pensions team structure.
Governance	F23	Change in membership of Pension Fund Committee or Local Pension Board leads to dilution of member knowledge and understanding.	PT	4	2	1	7	4	28	4	2	1	7	2	14	Feb-22	Change to risk owner to reflect new pensions team structure.
Governance	F24	That the Border to Coast Pensions Partnership disbands or the partnership fails to produce a proposal deemed sufficiently ambitious.	PT	3	2	4	9	1	9	3	2	4	9	1	9	Feb-22	Change to risk owner to reflect new pensions team structure.
Governance	F25	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	PT	4	1	4	9	2	18	4	1	4	9	1	9	Feb-22	Change to risk owner to reflect new pensions team structure.
Governance	F26	Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.	PT	1	1	4	6	1	6	1	1	4	6	1	6	Feb-22	Change to risk owner to reflect new pensions team structure.
Delivery	F27	Concentration of knowledge in small number of officers and risk of departure of key staff.	Head of Service Delivery (Colette Hollands (CH))	2	3	2	7	3	21	2	3	2	7	3	21	Feb-22	Change to risk owner to reflect new pensions team structure.
Delivery	F28	Failure to hold personal data securely.	NM/PT/CH	1	1	4	6	3	18	1	1	4	6	2	12	Feb-22	Change to risk owner to reflect new pensions team structure.
Delivery	F29	Inaccurate information in public domain leads to damage to reputation and loss of confidence.	NM/PT	1	1	4	6	3	18	1	1	4	6	2	12	Feb-22	Change to risk owner to reflect new pensions team structure.
Delivery	F30	Financial failure of third party supplier results in service impairment and financial loss.	PT	2	2	2	6	3	18	2	2	2	6	2	12	Feb-22	Change to risk owner to reflect new pensions team structure.
Delivery	F31	Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process	PT	1	1	4	6	3	18	1	1	4	6	1	6	Feb-22	Change to risk owner to reflect new pensions team structure.
Delivery	F33	Failure to deliver an accurate and effective pension administration service.	CH	4	3	4	11	4	44	4	3	4	11	3	33	Feb-22	Change to risk owner to reflect new pensions team structure.

Administration Risk Register 2021/22 Quarter 3

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			Total	Impact						Total	Total risk score
				Fin	Service	Reput	Legal					Fin	Service	Reput	Legal				
A1		Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	Tom Lewis	3	1	3	7	3	21	TREAT 1) Update and enforce admin strategy to assure employer reporting compliance 2) Northern Trust provides 3rd party validation of performance and valuation data. 3) 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-22	Jan 2022: Data cleansing is taking place, using tools at our disposal, including the Hyman's Brain tool and the Common & Conditional data scores. Work to remove errors from valuation year 1 and 2 are well underway, as are work to remove C&C data errors.	
A2		Processes do not all have a standardised approach and could lead to inefficiencies	Colette Hollands	2	2	2	6	2	12	TREAT 1) Review processes to ensure workflows are in line with regulatory requirements 2) Document processes and ensure guidance and checklists are in place 3) Report updates to the Local Pension Board.	2	2	2	6	2	12	Jan-22	Jan 2022: Partnership working with our system supplier Heywood began in December 2021 to carry out visual stream mapping, with the aim of understanding how efficient our processes are and where any improvements could be made. Plans are to revisit the death process to ensure we maximise the system, which will be followed by the transfer process in the coming weeks. Oct 2021: The processes for immediate payments and Admin to Pay have given tighter controls around payments to members. The review of the death process and transfer process has reduced the risk of overpayments and created greater efficiencies.	
A3		Failure to follow up on outstanding issues results in inefficiency and damaged reputation.	Clare Chambers	1	1	3	5	3	15	TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy	1	1	3	5	3	15	Jan-22	Jan 2022: A pilot to re-introduce the auto allocation functionality in our admin system has taken place during January within one hub team. The pilot has been successful, which has led to an expanded pilot to take place in Feb 2022. If all meets expected levels and there are no signs of any impact on the KPIs, we intend to roll this out in full for March 2022. Oct 2021: New allocation approach has put controls around this and the tasks are now updated in Altair to ensure the task is flagged at each reply due check point.	
A4		Lack of capability of the admin system leads to inefficiency and disruption.	Colette Hollands / Tom Lewis	2	2	1	5	2	10	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-22	Jan 2022: In addition to the work outlined in A2, we have also recently received reasonable assurance rating for the controls in place for Altair. We will work through the agreed actions with audit to further tighten up controls. Oct 2021: All upgrades now undertake a thorough UAT approach to ensure any fixed updates are tested thoroughly. Where any new developments are optional and require configuration, these are decided internally by management to be in line with service objectives. Results of systems audit will be provided at the next board meeting.	
A5		Poor reconciliation process leads to incorrect contributions.	Tom Lewis	2	2	1	5	2	10	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) Officers to undertake quarterly reconciliation to ensure contributions are paid on time. With a view to moving to monthly reconciliation as employers engage with I-connect.	2	2	1	5	2	10	Jan-22	Jan 2022: I-connect was introduced in Jan 2021 for all employers where the Surrey County payroll carry out the payroll services. With approximately 100 employers now providing monthly data and with a series of validation reports run to identify any anomalies such as incorrect contribution rates, it has led to more frequent data for a large proportion of the active membership. Work continues in the accounts section of the team as to how this can be best used to validate all contribution figures supplied.	
A6		Lack of guidance and process notes leads to inefficiency and errors.	NW	2	2	2	6	3	18	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 processes. 3) Attend Heywood's Training and Education Centre allows for standardisation of training.	2	2	2	6	3	18	Jan-22	Risk similar to A2, proposing to remove.	
A7		Unstructured training leads to under developed workforce resulting in inefficiency.	NW	1	2	3	6	2	12	TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan as part of the development programme. 2) Encourage and support formal training.	1	2	3	6	2	12	Jan-22	Training plans and matrices are now in place for all staff to enhance development, including formal external training which provides accreditation. The introduction of a Training Officer has formalised this and reduced the risk, giving the structure required.	
A8		Conflicting priorities (Orbis, SCVsSPF, Pensions pooling) leads to lack of overall strategy, confusion and missed opportunities.	NW/NM	2	2	3	7	2	14	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) Dissolution of Orbis will mitigate this risk.	2	2	3	7	2	14	Jan-22	Jan 2022: With the final LOBO partner having migrated in January, its proposed this risk be closed as we are now a single provider to Surrey Scheme only.	
A9		Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	Clare Chambers	1	3	4	8	3	24	TREAT 1) There is 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	Oct-21	Jan 2022: Breaches will be monitored, recorded and reported to LPB. Full update on this can be found in Pension Admin section of the LPB report. Refunds: Full tracing to be explored to ensure we pay any unfound members that qualify. Any potential breaches will be reported as required.	
A10		Gaps in skills and knowledge due to key person/single point of failure and different skill requirements leads to inefficiency and poor performance.	Colette Hollands	2	3	2	7	3	21	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 being introduced.	2	3	2	7	3	21	Jan-22	Jan 2022: It is expected with the new Surrey Pensions Team structure being introduced, with the support of suitable training plans across the service, this risk will be mitigated fully. Oct 2021: Training plans and matrices are now in place for all staff to enhance development, including formal external training which provides accreditation. The introduction of a Training Officer has formalised this and reduced the risk, giving the structure required.	
A11		Failure to get on top of the backlog leads to resource issues and management distractions.	NW/NM	2	2	4	8	4	32	TREAT: 1) Backlog to be closely monitored by the management board. 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-22	Risk similar to A23, proposing to remove.	
A12		Failure to identify GMP liability leads to ongoing costs for the pension fund	Tom Lewis	2	2	2	6	4	24	TREAT 1) GMP to be closely monitored by the management board. 2) Stage 1 reconciliation reviews has been completed. 3) Mercer have been appointed to carry out an interim stage 2 review 4) IRMP Reconciliation project is being progressed by Mercer (formerly JLT). 5) Separate updates being issued.	2	2	2	6	4	24	Jan-22	Jan 2022: The project is ongoing with project management assigned, along with system specialists to support any testing. The risks of this are mitigated through agreed plans with the suppliers and our teams, with work expected to be finished in the summer of 2022. Oct 2021: Update in the admin report, please refer to this.	
A13		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	Colette Hollands	3	3	3	9	1	9	TREAT/TOLERATE 1) Disaster recovery plan to be closely monitored by the management board. 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-22	Jan 2022: It has been planned to run the disaster recovery reversal program later in 2022. This will ensure we have fully tested the DR process should we encounter a major IT issue.	
A14		Lack of productivity leads to impaired performance.	NW	2	2	2	6	4	24	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	1	1	1	3	4	12	Jan-22	Oct 2021: Weekly Team meeting and weekly 121 meetings have been in place over the last 9 months to create a focus on quickly and effectively making improvements, raising risks and celebrating successes. In conjunction with the introduction of the new allocation process, coupled with increased productivity as outlined in the administration report, this risk is being mitigated but should still be monitored.	
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-22	Jan 2022: Similar to A2 - propose this be closed	
A16		Rise in ill health retirements impact employer organisations	Paul T / Siva S	3	1	2	6	2	12	TREAT 1) Self-insurance implemented across the fund 2) Reactive repossession investment strategy if necessary	3	1	2	6	2	12	Jan-22	Jan 2022: Trend analysis is required to understand this risk. Reports need to be produced to substantiate the potential risk	
A17		Rise in inappropriate ill health retirements adversely affects self-insurance costs.	Paul T / Siva S	2	1	2	5	1	6	TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations	2	1	2	5	1	6	Jan-22	Jan 2022: Trend analysis is required to understand this risk. Reports need to be produced to substantiate the potential risk	
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	Paul T	3	4	2	9	2	18	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 2016/9 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	3	4	2	9	2	18	Oct-21		

Administration Risk Register 2021/22 Quarter 3

Risk group	Risk Ref.	Risk Description	Risk Owner	Inherent Risk					Total risk score	Control actions	Residual risk					Reviewed on	Changes made during review	
				Fin	Service	Reput	Total	Liability			Fin	Service	Reput	Total	Liability			
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.	Colette Hollands	3	2	3	8	2	16	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.	2	1	1	4	2	8	Jan-22	Jan 2022: As stated below in October update, these controls are now in place, with daily output reports for payments produced, picked up by finance and reconciled. There has been no instances of errors occurring this area. Oct 2021: Immediate payments and Admin to pay have provided tighter controls and there is now a process that is as close to fully automated as possible. The move to Unit 4 for Surrey County Council as its new payroll and financial system may provide opportunities which will be explored.
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	2	18	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-22	Remove
A21		McCloud Judgement - Impact on resources	Tom Lewis	3	3	2	8	2	16	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-22	Jan 2022: A business case has been drafted and will shortly be presented to Senior Officers to seek approval on preferred approach.
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	3	3	8	2	16	TOLERATE 1) Engage with staff early and to understand their concerns which should be fed into the consideration of new location. 2) The loss of resource is partially mitigated by the hostile employment market. 3) A permanent building has now been acquired in Weybridge for Fund's staff.	2	3	3	8	2	16	Jan-22	Remove
A23		Backlog cases are present within the administration system and require careful management to see a reduction moving forward.	Colette Hollands / Clare Chambers / Tom Lewis	2	2	2	6	3	18	TREAT 1) Ensure total backlog is recorded accurately (backlog should include cases in Altair). 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. 5) Backlog to be closely monitored by the management board.	2	2	2	6	3	18	Jan-22	Jan 2022: In addition to the update laid out in A3, backlog work areas are being assessed inline with the BAU so we can carefully manage the reduction in these known backlog work areas. This remains a top priority and with the LOBO now having left, our flexible Hub 5 will focus on clearing down old cases and high priority cases to support this. Oct 2021: The KPI reports now accurately show all work completed, pending or outstanding cases within the administration system. The introduction of the new work allocation process (as outlined in the administration/performance report) now ensures work is distributed by tasks, looking at the week ahead, to give increased focus on delivering BAU and lagging backlog. This has brought about more transparency, closer monitoring and tighter management control.
A24		Failure to implement proper cyber security policies.	Tom Lewis	2	3	3	8	2	16	TREAT 1) Ensure the Fund's memorandum of understanding and privacy notice is compliant with current legislation. 2) Regularly engage with the host authority IT team to ensure security protocols are up to date. 3) Maintain a central registry of key partners' business continuity plans. 4) Ensure staff are aware of their roles and responsibilities under Surrey's cyber security policy. 5) Ensuring members data is remotely and securely backed up.	1	3	3	7	2	14	Jan-22	Jan 2022: Recent review of the Pension Admin System has given reasonable assurance that as a service we have tight security controls. As part of our agreement with SCC IT, our system falls within approved security levels.

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 18 FEBRUARY 2022

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

SUBJECT: ADMINISTRATION PERFORMANCE REPORT AND UPDATE
1 OCTOBER TO 31 DECEMBER 2021

SUMMARY OF ISSUE:

The Board has previously requested to be kept updated on progress relating to a number of key administration projects and planned improvements which may have an impact on members of the pension fund and the purpose of this report is to provide an update on the current status and progress against any specific target dates.

RECOMMENDATIONS:

The Board is asked to **note** the content of this report and **make recommendations** to the Pension Fund Committee if appropriate or if any further action is required.

REASON FOR RECOMMENDATIONS:

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

DETAILS:**Background**

1. Surrey County Council (the Council) is the Administering Authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the Surrey Pension Fund (the Fund). The LGPS is governed by statutory regulation.
2. The Surrey Pensions administration carries out the operational, day-to-day tasks on behalf of the members and employers of the Fund and for the Council. It also leads on topical administration activities, projects and improvements that may have an impact on members of the LGPS.

Key Activity Summary

Activity / Project Area	Impact on Surrey Pension
<p>McCloud: In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The government has decided that the general principles established will apply to all public sector pension schemes and, therefore, it has consulted on amending the LGPS Regulations.</p> <p>Employers will be required to provide payroll data that will pre-date 2014, which may pose challenges.</p>	<p>The Surrey Pension Service will need to undertake a remediation process for all affected members in line with the regulations, LGA and its software providers, to ensure the reformed regulations are carried out within the scheme membership.</p> <p>The potential financial impact has been assumed at the last valuation by Hymans to be 0.5% of the total fund worth. We will work to provide a clearer understanding of the affected members and, more accurate costs in line with the regulatory changes.</p>
<p>Guaranteed minimum pension (GMP) Reconciliation Project: The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997.</p> <p>Surrey Pension Service procured the service of JLT (now Mercer) to undertake the rectification of members GMP in line with the HMRC guidance.</p>	<p>Mercer have acted on behalf of Surrey Pension Team to work with the HMRC to analyse data held on our system Altair and, the data held at the HMRC, with a view to full rectification by the end of August 2022.</p> <p>This work will not only ensure that the fund has accurate member liability, it will also ensure the GMP amounts are correct for our members, resulting in potential over or underpayments, that will be corrected where agreed.</p> <p>Potential cost impact is unknown at this stage. We should have more clarity on this in April 2022.</p>

Performance Reporting

3. The performance figures in **Annex 1** report the performance for the period from 1 October to 31 December 2021.
4. The 2020/21 Internal Audit Report on Pensions Administration included a high risk finding on performance levels. The agreed action from this report was for the Pension Regulator (tPR) priority processes (Deaths, Retirements and Refunds) to consistently hit the KPI by the end of December 2021.

5. Whilst the report at Annex 1 shows the total performance for the quarter and provides evidence that the tPR priority cases exceeded target levels, **Annex 2** breaks down the quarter by months and shows that these targets were met each month. Prior to the Death process review, which took place at the start of the Covid Pandemic, Balance of Payments were not set out as a separate measure but were instead included in the measure for Death Benefits Payable. The Death Benefits Payable measure now just includes Death Grants, and the Balance of Payments measure includes balances of pension due to and from the Estate, plus any write offs.
6. Annex 2 also provides a comparison between performance in quarter 3 2021 and the same quarter last year. A particular highlight being the significant improvement in performance on Initial Death Notifications from an average SLA of 64% in 2020 to 98% in 2021. It is also important to note that the number of outstanding cases in this area has reduced from 93 in 2020 to 2 in 2021 (a decrease of 97%).
7. The improvement in this area can be attributed to the changes made to the process which ensures that pensions in payment are stopped immediately upon notification of the death, and an acknowledgement is sent promptly.
8. The number of outstanding cases at the end of December 2021 has reduced by 10% from the beginning of October 2021. This is mainly due to a review and clearance project being undertaken following the identification of a large number of duplicate cases in the Workflow. With the final London Borough exiting in January, there will be an increased focus on clearing the Surrey backlog going forward so we anticipate a continued decrease in the number of outstanding cases at the end of each quarter.
9. The total average SLA for all cases in Q3 was 88%, an improvement on the 82% in Q2 and 74% in Q1. The average SLA for tPR cases in Q3 was 97% (targets range from 80% to 90%) and the average number of days to complete the tPR cases in Q3 was 16 (SLAs range from 5 to 20 days). The average SLA for non tPR cases in Q3 was 83% (targets range from 80% to 90%) and the average number of days to complete the non tPR cases in Q3 was 82 (targets range from 10 days to 2 months). Performance on non tPR cases has been impacted by clearance of backlog cases.
10. The performance improvements achieved between April and December 2021 can mainly be attributed to the creation of an additional team that was set up to deal with casework for the London Boroughs and the transition to exiting the administration for these Funds. This allowed the other teams to concentrate solely on Surrey incoming casework. In addition, the team has focussed on completing each individual task within a case by its due date rather than the final due date for the overall case. All cases are made up of individual tasks i.e. processing a calculation, checking a calculation, approving a payment etc. This has meant that the work has been kept on track throughout the process rather than the team trying to complete all tasks within a case at the final deadline.

11. Other trends to highlight are an increase in the number of received cases (an increase of 33% from last quarter) and the number of cases completed (increased by 27% since last quarter). Plus, a reduction of 16% in the number of cases completed outside of SLA.
12. The increase in the number of cases received relates mainly to early leavers: refunds of contributions and deferred benefits entitlements. This is due to the usual increased number of leavers at the end of August (the end of the education year). Leaver notifications for these members are sent from employers after the September payroll close and subsequently actioned throughout Q3.
13. The areas where there has been a reduced number of cases completed outside of SLA are Survivor's Benefits and Death Benefit Payments. This can be attributed to the creation of a new team to focus solely on non-Surrey work, allowing the remaining teams to focus on improving performance for Surrey Pension Fund.
14. Whilst the Q3 report shows that 5 out of the 19 areas reported did not meet their target, the report for December 2021 shows that only 2 areas did not meet target. In addition, Q3's report indicates that 6 areas had an increase in the number of outstanding cases at the end of the period, however the report for December shows that only 4 areas had an increase in numbers.
15. One of these areas is Survivor Pensions. At the time of writing there are currently 36 outstanding cases. Fifteen of these cases have all the information needed for us to be able to progress, with 13 of these having future completion dates. Of the remaining cases outside of the 15, the majority are on 'hold' awaiting a response/completion of a claim form. Now that all London Boroughs have exited our administration, the additional team set up to deal with those exits are now able to move their focus to dealing with outstanding Surrey cases and their first priority is reviewing outstanding Survivor Pensions cases where we are still awaiting a response. Therefore, we should see significant progress/movement in this area during the next quarter.
16. There are currently 7 outstanding Ill Health Retirement cases to pay. Five of these cases have all the information needed for us to be able to progress, with 4 of these having future completion dates. Of the 29 Non LGPS Actual Transfer In cases that have all the information we need to progress, 16 have a future completion date. Finally, there are 17 Non LGPS Actual Transfers Out, with 7 of these having future completion dates.

Administration Team Update

17. Following the success of the change to a manual method of allocating Workflow cases and the results showing an improvement in performance, a decision has been taken to trial the use of an automated process for allocating cases. This will release Team Leaders to re-focus their time on their team's development, further process improvements and reviewing of the backlog of work items. Following a successful trial, it is anticipated that this process will be implemented from March 2022.
18. Following the challenges experienced in extracting the data required from the administration system to produce the performance reports, discussions have been held with the software system provider to ascertain if there is a more automated and robust way of extracting the data.
19. New functionality in the software system has in built performance reporting capability that extracts all of the data required.
20. Work has been completed to build this to fit our requirements and parallel running has taken place to ensure the provision of accurate performance reporting data. We are confident that for future reports we will be able to rely on this new functionality to extract and report on performance. In addition, we have identified that the report can provide a wealth of management information that presents real time data on performance. For example, instant access to case volumes (received and outstanding in a given period), reporting on adherence to KPI and statutory targets, over target and not complete analysis at individual case level.

Complaints

21. All complaints are logged and managed on CaseTracker (which is the Surrey County Council complaints case management system). When responding to complaints a standard response template is used which is built into the complaints tracker system.
22. The complaints policy is an integral part of the County Council's governance framework. We value customer complaints because of the opportunity they provide us to inform policy and improve service delivery.
23. Complaints are defined as: "an expression of dissatisfaction, however made, about any aspect of the pensions team people, services, activities or policies. This includes action taken, or services provided by people or organisations acting on our behalf"
24. During the period 1 October to 31 December 2021 a total of 6 complaints were received. Details of these complaints can be found at **Annex 3**. Two complaints were categorised as 'poor communication', two as 'service quality/delivery', one as 'procedure' and one as 'general enquiry'.

Internal Dispute Resolution Procedure (IDRP) Appeals

25. Pursuant to the Local Government Pension Scheme (LGPS) Regulations 2013 (the Regulations) each scheme employer and administering authority must appoint an adjudicator to consider applications regarding the first instance decisions made by the scheme employer or where relevant the administering authority.

Under the Scheme of Delegation relating to section 106 agreements, the following officers are nominated to hear stage one and stage two Internal Dispute Resolution (IDRP) appeals:

- the acting Section 151 Officer;
- the Director of Legal and Democratic Services;
- the Director of People and Development; and
- the Head of Pensions (Pension Fund and Treasury).

Stage 1 appeals determined

26. A member received two consecutive Annual Benefit Statements, erroneously overstating future pension benefits. The member later asked for a pension estimate based on being made redundant at a future date and the correct, lower, figure was supplied. The adjudicator acknowledged the disappointment this caused but explained that the Scheme can only pay the pension that a member is entitled to and refused the member's request for a guarantee that they would receive benefits to the value of the incorrect statements.

Stage 2 appeals determined

27. There were no Stage 2 appeals in this period.

Pension Ombudsman appeals

28. The Pension Ombudsman has a considerable backlog. Surrey Pension Fund has responded to three complaints in the period: (1) disputes a refusal to award a Tier 2 ill health pension, (2) relates to refusal to provide the member with alternative figures after they had applied to take their pension from a specified date and (3) relates to a pension liberation case dating back to 2013, the member is complaining that due diligence was not undertaken before actioning their request to transfer out of the LGPS. The Ombudsman has ruled that he has jurisdiction to investigate this third case, despite the time that has passed. The Pension Ombudsman has indicated that it will be several months before he contacts us again in each of these cases.

Breaches of Law

29. A breach of law is "an act of breaking or failing to observe a law, agreement, or code of conduct". In the context of the LGPS, this could encompass a failure to do anything required under the Regulations, Framework or overriding legislation, as well as extending to the provision of incorrect information in general correspondence or telephone conversations.

30. All breaches or suspected breaches are reported to the 'Responsible Officer'. The Responsible Officer is responsible for the management and execution of the breaches policy, and recording/reporting breaches and likely breaches.
31. The Responsible Officer determines whether any breach or likely breach is materially significant, having regard to the guidance set out in tPR Codes of Practice and after consultation with the Strategic Finance Manager (Pensions), the Director of Law and Governance, the Pension Fund Committee and Local Pension Board.
32. There are no breaches to report for this period.

Pensions Helpdesk

33. Between 1 October and 31 December 2021, the Helpdesk handled a total of 9,653 Surrey enquiries. 86% of all enquiries (covering all pension funds) were resolved at the first point of contact.
34. The team aim to respond to all e-mail enquiries within the corporate service level agreement of 3 working days. The team are currently responding to e-mails on the day of receipt and the volume of telephone calls is very low. This can be attributed mainly to the exiting of the London Borough Funds. The Helpdesk are still functioning on the same level of resource as pre-Fund exits and therefore have capacity to support the Pensions Team on various tasks.

Engagement and Education

35. **Annex 4** provides a summary of the work carried out by the Engagement and Education Team.
36. Highlights include the Winter Employer Newsletter (**Annex 5**) and results from the 2021 Employer Survey (**Annex 6**).
37. The team also continue to promote the new Surrey Pension Fund Employer website ([Surrey Pension Fund for Employers](#)) and are pleased to announce that the new Surrey Pension Fund member website ([Home | Surrey Pension Fund](#)) has now gone live.

Guaranteed Minimum Pension (GMP)

38. The GMP Reconciliation Project continues with the calculation phase, that will in time provide the necessary rectification figures, which will be applied after April when the annual pension increases have been applied. The table below is a reminder of the categories and numbers of cases identified for future rectification, with the figures representing the difference in pounds/pence per week.

Pensioner Members		
GMP Difference (£ per week)	Volume	Proposed Action
Match	8,306	NFA
1p to 12p	3,120	NFA
No GMP liability	5,399	NFA
Total – no further action (NFA)	16,825	
Member range breakdown (£ per week)		
13p to 52p	756	Rebalance
53p to £1.04	524	Rebalance
£1.05 to £2.00	523	Rebalance
Greater than £2	2,919	Rework
Total Rebalance/Rework	4,722	
Further review	597	
Under GMP age	1,978	Rebalance/Rework
Total	24,122	

Deferred Members		
GMP Difference (£ per week)	Volume	Proposed Action
Matches records	43,233	NFA
1p to 12p	0	NFA
Total – no further action (NFA)	43,233	
Member range breakdown (£ per week)		
1p to 12p	353	Rebalance
13p to 52p	400	Rebalance
53p to £1.04	248	Rebalance
£1.05 to £2.00	334	Rebalance
Greater than £2	2,148	Rebalance
Total Rebalance	3,483	
Further review	658	
Total	47,374	

Analysis Table information

- a) Within the deferred membership, if the GMP isn't an exact match the case has been classified as requiring rebalance.
- b) Further review cases will be investigated as part of the next phase of Rectification (Rebalance / Rework).
- c) Under GMP age Pensioner members will require Rebalance or Rework depending on the type of retirement. In general, any active retirements will require rebalance and Deferred retirements requiring rework. The classification of these members will form part of the Rectification calculation stage.

- d) Tolerance level is set at set at **£2.00 per week** as previously agreed and is based on the difference in the GMP amounts, either at Date of Leaving for Deferred members or current date for Pensioners.

McCloud

39. The deadline for employers to submit their McCloud data return was 31 October 2021. For employers that had not met this deadline, weekly reminders were issues throughout November and December.
40. Further communications were sent in January to alternative contacts of those employers who have yet to respond. To date full data from 99 employers has been received, 3 partial responses and 23 data returns are outstanding. The regulations confirming how to calculate compensation for McCloud cases is still awaited.

Horizon Planning

Annual Benefit Statements (ABS) for 2022 Planning

41. With end of year fast approaching draft plans are being drawn up to manage this year's ABS and Annual Allowance exercises. Communications with all scheme employers are expected to begin at the end of February. Full plan details will be reported at the next meeting.

Valuation Data Cleanse

42. Work has begun in collaboration with the Fund actuary, Hymans Robertson, to agree plans for the valuation, covering all aspects of the process. Service Delivery have been specifically concentrating on the data cleansing of the member data, in preparation for the member data loads earmarked for July 2022.
43. Agreed checkpoints have been agreed with Hymans, with key milestone dates posted for March 2022, whereby it is anticipated all errors for the years 2020 and 2021 will have been corrected. This data will be supplied to Hymans at the beginning of April to carry out contribution modelling. All remaining data will be cleansed by the end of July 2022 and will be closely aligned with the EOY work, given the interdependencies between both work streams.

Pension Increase 2022

44. It is expected this work will begin in late February/early March. A schedule of works will be drawn up in the coming weeks, providing clarity on actions required. A full progress update will be provided at the next meeting.

CONSULTATION:

45. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

46. Any relevant risk related implications have been considered and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

47. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

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

LEGAL IMPLICATIONS – MONITORING OFFICER

49. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

50. There are no equality or diversity issues.

OTHER IMPLICATIONS

51. There are no other implications.

WHAT HAPPENS NEXT

52. The following next steps are planned:

- a) Further updates will be provided to the Board at its next meeting.

Contact Officers:

Colette Hollands – Head of Service Delivery
Clare Chambers – Service Delivery Manager
Tom Lewis – Systems and Support Manager

Consulted:

Local Pension Board Chairman

Annexes:

Annex 1 – Quarterly Performance Report Q3 Oct – Dec 2021
Annex 2 – KPI Score Comparison
Annex 3 – Surrey Complaints – 01.10.2021 – 31.12.2021
Annex 4 – Quarterly Report Engagement & Education 31.12.2021
Annex 5 – 2021 Winter Employer Newsletter
Annex 6 – Employer Survey 2021

SURREY LGPS PENSION FUND - ADMINISTRATION
PERFORMANCE REPORT

Description	Performance standard	Tolerable performance	QUARTER 3 21/22 (Oct - Dec)											Age of cases (6 months plus) that are open at the end of the quarter			
			No of cases open at beginning of the quarter	No of cases received	No of cases completed (including terminated cases)	No of cases completed (excluding terminated cases)	No of cases completed within SLA	No of cases not completed within SLA	% of cases completed within SLA	Average no of days to complete cases	Number of cases open at the end of the quarter	Of the cases open at the end of the quarter					
			No. on reply due	No. reply received	No. where task is overdue	6-12mths	1-2 yrs	2+ yrs									
Total Caseload			9613	7320	8298	6055	5360	695		58	8635	1541	383	6711	1262	1079	3998
DEATH NOTIFICATION (IPR) When notified of a death, Pension Services should cease any pension payments (if applicable), send a condolences letter, request details of any Survivor's eligible for a pension, request details of any beneficiaries eligible for a share of the death grant and request the details of the Personal Representative to resolve any balance of payments due to or from the estate.	5 working days	90%	11	164	173	172	169	3	98%	6	2	0	0	2	0	0	0
SURVIVOR'S PENSIONS (IPR) Upon receipt of completed claim forms, relevant certificates and supporting documents/evidence, Pension Services should set up any survivor's pension(s) on the payroll and write to each survivor to confirm payment.	10 working days	90%	17	105	79	79	76	3	96%	27	43	16	1	26	1	3	10
DEATH BENEFITS PAYABLE (IPR) Upon receipt of completed claim forms, details of potential beneficiaries, relevant certificates and supporting evidence, the Death Grant payment should be paid to the beneficiaries. Pension Services should notify the relevant parties of any payments and/or decisions in writing.	10 working days	90%	12	26	27	27	27	0	100%	17	11	6	2	3	1	1	4
BALANCE OF PAYMENTS (IPR) Upon receipt of completed claim forms, service must arrange for payment of the balance of pension due to the estate. A letter of confirmation to be sent to the executor. Upon receipt of details of the Personal Representative of the estate, the service should write off any pension overpayment that does not exceed the Fund's discretionary limit. Upon receipt of details of the Personal Representative of the estate, the service should write to recover any pension overpayment that exceeds the Fund's discretionary limit.	10 working days	90%	39	202	220	207	204	3	99%	7	21	14	1	6	2	2	6
RETIREMENT (COMPLETE) (IPR) Upon receipt of all the forms and pay the retirement grant, update Altair, set up the pension on the payroll and send a benefit statement to the member.	15 working days	85%	252	644	669	584	520	64	89%	31	227	151	12	64	0	0	0
IL HEALTH RETIREMENT (COMPLETE) (IPR) Upon receipt of all forms / certificates, update Altair, pay the retirement grant, set up the pension on the payroll and update Altair.	15 working days	90%	2	14	13	13	13	0	100%	14	3	2	0	1	0	0	0
REFUNDS (IPR) Check the record, calculate the refund due and make payment	20 working days	80%	342	1516	1514	1315	1273	42	97%	11.5	344	83	27	234	24	57	3
RETIREMENT (INITIAL NOTIFICATION) Calculate pay, membership and retirement benefits and send initial letter and forms to member.	15 working days	80%	110	1084	1125	749	710	39	95%	23.5	69	39	3	27	1	0	0
IL HEALTH RETIREMENT (INITIAL) Upon receipt of all the relevant documents, send an estimate and the claim forms and request the certificates.	15 working days	90%	2	18	17	15	12	3	80%	191.5	3	1	0	2	0	0	0
DEFERRED STATUS Calculate pay, check membership, calculate deferred benefits, update Altair and issue a benefit statement.	2 months	80%	6447	1768	2580	1558	1310	248	84%	168	5635	223	114	5298	1043	892	2943
EMPLOYER ESTIMATE Upon request, provide employer with early retirement estimate.	10 working days	80%	3	42	43	36	36	0	100%	9	2	1	0	1	0	0	0
LGPS TRANSFER IN (ESTIMATE) Upon receipt of the service statement, check the service details and inform the member of the option to transfer and advise them of the timescales.	20 working days	80%	1020	671	713	434	313	121	72%	117	978	346	121	511	44	72	464
NON-LGPS TRANSFER IN (ESTIMATE) Check the transfer quotation and inform the member of the service / pension credit it would purchase, the option to transfer and the relevant timescales.	20 working days	80%	659	33	82	27	25	2	93%	47	610	418	55	137	12	10	487
LGPS TRANSFER OUT (ESTIMATE) Send deferred benefit statement to the new employer.	20 working days	80%	126	216	218	160	136	24	85%	80	124	53	10	61	7	3	22
NON-LGPS TRANSFER OUT (ESTIMATE) Upon request send transfer quotation and discharge forms.	20 working days	80%	150	142	188	123	100	23	81%	81	104	58	10	36	4	11	52
LGPS TRANSFER IN (ACTUAL) Check that the membership and payment received is correct, update Altair and send a service statement to the member.	20 working days	80%	300	472	436	383	306	77	80%	75	336	81	10	245	122	26	0
NON-LGPS TRANSFER IN (ACTUAL) Check that the payment and the details are correct, update Altair and send a service statement to the member.	20 working days	80%	44	58	60	56	40	16	71%	68	42	22	6	14	1	0	1
LGPS TRANSFER OUT (ACTUAL) Make payment to the new administering authority after twelve months / upon receipt of member's election and update Altair.	20 working days	80%	65	117	122	106	82	24	77%	71	60	21	6	33	0	0	4
NON-LGPS TRANSFER OUT (ACTUAL) Check that all the discharge forms have been completed correctly, check IPA register, make payment and update Altair.	20 working days	80%	12	28	19	11	8	3	73%	56	21	6	5	10	0	2	2
NEW STARTER New scheme member to be set up on Altair, check payroll details, request any transfers and send a statutory notice sent to the member.	20 working days	80%				3104											0
MEMBER CORRESPONDENCE Respond to member queries (Helpdesk)	30 working days	80%	0	0	0	9653 no of calls received	0	%	86%	0	0	0	0	0	0	0	0

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2021		OCTOBER		NOVEMBER		DECEMBER	
	Tolerable Performance	% of cases completed within SLA	Number of cases open at the end of the month	% of cases completed within SLA	Number of cases open at the end of the month	% of cases completed within SLA	Number of cases open at the end of the month
DEATH NOTIFICATION	90%	97%	7	100%	5	98%	2
SURVIVOR'S PENSIONS	90%	96%	30	96%	39	96%	43
DEATH BENEFITS PAYABLE	90%	100%	10	100%	11	N/A	11
BALANCE OF PAYMENTS	90%	99%	19	98%	19	98%	21
RETIREMENT (COMPLETE)	85%	89%	250	88%	232	90%	227
ILL HEALTH RETIREMENT (COMPLETE)	90%	100%	0	100%	1	100%	3
REFUNDS	80%	97%	345	96%	346	97%	344

2020		OCTOBER		NOVEMBER		DECEMBER	
	Tolerable Performance	% of cases completed within SLA	Number of cases open at the end of the month	% of cases completed within SLA	Number of cases open at the end of the month	% of cases completed within SLA	Number of cases open at the end of the month
DEATH NOTIFICATION	90%	47%	114	69%	92	77%	93
SURVIVOR'S PENSIONS	90%	80%	34	95%	27	83%	25
DEATH BENEFITS PAYABLE	90%	86%	91	98%	76	93%	71
*BALANCE OF PAYMENTS	90%						
RETIREMENT (COMPLETE)	85%	90%	114	76%	120	90%	95
ILL HEALTH RETIREMENT (COMPLETE)	90%	100%	0	50%	1	75%	1
REFUNDS	80%	94%	175	88%	171	90%	171

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Complaints - 1 October to 31 December 2021			
Case number	Date Received	Root Cause	Details of Complaint
SUR644601	06/10/2021	Poor Communication	When member called regarding date of payment for retirement benefits, given incorrect information and therefore submitted forms later than required. Member allowed to backdate pension to due date with no financial loss. Issued raised with Helpdesk Manager.
SUR007813	07/10/2021	Procedure	Member not happy about the charge for an additional CETV requested within a 12 month period. Reminded member that only entitled to 1 CETV free of charge in a 12 month period. Also pointed out to member the conditions of the transfer which are included in the letter. Explained about the new transfer out legislative requirements introduced to protect members from scams.
SUR955514	19/10/2021	Administrative Error/Poor Communication	Member retired on 31 August 2021 but had to contact the Helpdesk on 12 October as hadn't heard about pension. Reason for leaving on notification from employer was recorded as resignation and not retirement, therefore benefits not automatically offered upon leaving. Once estimate sent and claim forms returned, treated as a priority in order to ensure benefits brought into payment asap.
SUR507218	19/11/2021	Service Quality/Delivery	Member retired end of July and hadn't heard anything about pension after 4 months despite numerous calls and e-mails to the Helpdesk. Delay in obtaining pay figures from employer led to delay in providing retirement estimate. Once estimate sent, member of the pensions team called to support the member with completion of the forms.
SUR549680	16/12/2021	General Enquiry	Member querying service dates/pay/continuous employment for several months. Response sent to member setting out information held on pension record confirming continuous service and number of records held. Member still confused hence repeated e-mails/calls. Reassurance to member that there is no financial loss and explained why records are set up the way they are.
SUR302052	21/12/2021	Service Quality/Delivery	Member opted out of pension scheme with only an entitlement to a refund. Not happy that employer contributions are not included in the refund and feels like these are now 'lost'. Stated wasn't told about transferring in previous pension benefits. Pension record indicates that new starter information pack was issued which includes information on transferring previous benefits. Reminded member that transfer can only take place whilst an active member of the scheme.

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Quarterly Report – Engagement & Education

Date of Report:	31/12/2021		
Period Covered:	Oct – Dec 2021		
Prepared by:	Amanda Jupp	Upcoming Milestones Jan to Mar 2022	
Commentary		Item	Scheduled completion
<u>Annual Allowance</u>	<ul style="list-style-type: none"> Answered any subsequent AA queries on statements issued. Issued AA reminders to staff of forthcoming important dates. 	<ul style="list-style-type: none"> Update AA letters with any changes to limits, etc. 	31/03/2022
		<ul style="list-style-type: none"> Answer any further queries on statements issued. 	Ongoing
<u>Annual Benefit Statements</u>	<ul style="list-style-type: none"> Reviewed member communication costs against estimated costs for 2021 and documented for subsequent years. 	<ul style="list-style-type: none"> Develop ABS communication plan for 2022. 	31/01/2022
		<ul style="list-style-type: none"> Send initial Annual Return request to all employers. 	31/03/2022
		<ul style="list-style-type: none"> Revise Annual return video and publish to employer website. 	31/03/2022
<u>Employee Presentations</u>	<ul style="list-style-type: none"> Continue to digitally present Presentations via Teams 	<ul style="list-style-type: none"> Presentations agreed with the Olive team as required. 	Ongoing
<u>Employer Website</u>	<ul style="list-style-type: none"> 'Go Live' completed and advertised in Employer Newsletter. 	<ul style="list-style-type: none"> Update any changes as processes / legislation is amended. 	Ongoing
		<ul style="list-style-type: none"> Investigate Q & A sections on website. 	Ongoing

Quarterly Report – Engagement & Education

<p><u>McCloud</u></p>	<ul style="list-style-type: none"> Continued Support to the McCloud team with issuing the spreadsheet to employers. 	<ul style="list-style-type: none"> Support the 'McCloud' team with queries and approach. Assist with the assessment of the subsequent stages. 	<p>Ongoing</p>
<p><u>Member Self Service</u></p>	<ul style="list-style-type: none"> Monthly review of MSS sign up figures to review effectiveness of campaigns. SCC Daily feature to encourage MSS sign up for ABS statements. Various wording and document updates as required. 	<ul style="list-style-type: none"> MSS sign up campaign using SCC daily / Jive as part of pension awareness week. Monthly report of sign-up figures. 	<p>28.02.2022</p> <p>Monthly</p>
<p><u>Newsletters</u></p>	<ul style="list-style-type: none"> October, November, and December staff newsletters produced and issued. New process changes feature added. Winter Employer newsletter produced and issued to Employers. 	<ul style="list-style-type: none"> Newsletter Schedule to be created and issued. Jan staff Newsletter created & issued. Feb staff Newsletter created & issued. Mar staff Newsletter created & issued. Spring Employer Newsletter to be created, reviewed, and issued to employers. Spring Member Newsletter to be created, reviewed, and issued to active members. Pensioner Newsletter to be created and reviewed ready to be issued with PI letters. 	<p>31/01/2022</p> <p>31/01/2022</p> <p>28/02/2022</p> <p>31/03/2022</p> <p>31/03/2022</p> <p>31/03/2022</p> <p>31/03/2022</p>

Quarterly Report – Engagement & Education

<p><u>Surrey Pension Fund Website</u></p>	<ul style="list-style-type: none"> Updated new website with documents and amendments to standard format text. Created an addition top menu page for investment updates. 	<ul style="list-style-type: none"> Migration to new site due early January 2022. Update any broken links, etc, due to migration. 	<p>31/01/2022</p> <p>31/01/2022</p>
<p><u>Surveys</u></p>	<ul style="list-style-type: none"> Completed surveys issued to District and Borough Councils, all employers, and a selection of members. Employer survey report issued and uploaded to website. 	<ul style="list-style-type: none"> Develop retirement survey to add to pensioners letters. Review Active / Deferred member survey results and issue report. Review Pensioner member survey results and issue report. 	<p>31/01/2022</p> <p>31/01/2022</p> <p>31/01/2022</p>
<p><u>General</u></p>	<ul style="list-style-type: none"> New LGPS member website being developed by the LGA and was due to go live end of 2021. Now likely to be early 2022. New members videos in development and production. Annual update of forms and guides. Employer Relationship Manager is being developed for the whole team to use. Create Altair document list for all calculation and word documents. 	<ul style="list-style-type: none"> Links to the LGPS member site that are within our documents will need to be checked and updated as necessary. 'How To Retire' video in production by Surrey video team. Needed amendment due to change in process. Investigate development of further videos. Update forms, guides, etc, with new financial year limits. Complete migration of all employer details. Create document list and issue to Team Leaders to review their area. 	<p>Dependent upon LGA.</p> <p>31/03/2022</p> <p>31/03/2022</p> <p>31/03/2022</p> <p>31/01/2022</p> <p>28/02/2022</p>

Quarterly Report – Engagement & Education

Key Risks

Item	Detail	Action/Update
Re-organisation to Surrey Pension Team	The reorganisation needs to be supported with extensive training courses to ensure consistent, accurate and comprehensive knowledge for all staff members.	This is likely to require additional resource from the team, resulting in delays in other areas.

Summary & Our Plans for the Future

The Employer Survey was sent to all Surrey active employers (302 total) and we received 26 completed responses - giving us a response rate of 8.6%.

The survey has been published on the Employer website at:

<https://employers.surreypensionfund.org.uk/forms-and-publications#Reports>

We have scheduled quarterly meetings with different employer groups, for example town and parish councils, to build a closer working relationship and we receive valuable feedback from these meetings.

On average, the Employers who answered our survey rated the service that they receive from Surrey Pension Team at 3 stars out of 5.

When asked how we could improve, the reoccurring themes were:

- Try to simplify the language used on forms
- Better communication with members, especially regarding the retirement process
- Try to move more processes online.

Our Plans for the Future

Winter Employer Newsletter 2021

The Winter Employer Newsletter was attached alongside the distribution of this report. This was sent out via email to all of the Employer email addresses that we hold.

Spreadsheets over Forms

Following feedback from Question 14 (page 11) we have trialled an updated Retirement Datafile.

More information on this can be found on page 11 of this report and in the Winter Employer Newsletter.

The spreadsheet contains guidance on how to complete each of the fields and the format required.

Retirement Process

Following feedback from employers, we are currently looking into how we can improve the retirement process for both members and employers.

Additional Training

In response to employers feedback, we will look into providing additional training materials with simplified wording. Employer training courses are scheduled for February with our actuary, Hymans Robertson.

Employer Survey 2021

The Results

An update for Employers of the Local Government Pension Scheme (LGPS)

Dear Employer,

We are pleased to publish the results of our 2021 Employer Survey. Thank you to everyone who took the time to complete the survey.

We have compiled this report in response to the answers we received.

We hope that you find the information contained within this report both enlightening and helpful.



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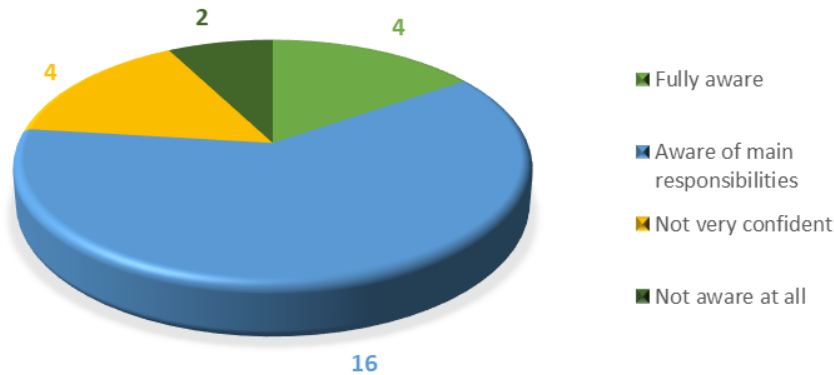
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Your Responsibilities as a Scheme Employer

Question 1: Are you aware of all your responsibilities as a scheme employer?

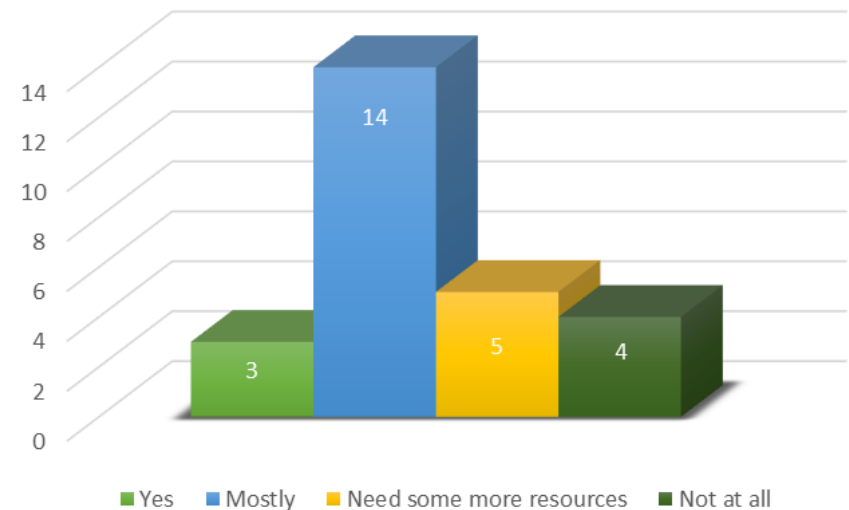


The majority of employers were aware of their main responsibilities as a scheme employer.

Surrey Pension Fund has published an administration strategy which sets out the roles and responsibilities for you as a Scheme Employer.

The Strategy document can be found on the [Surrey Pension Fund website](https://www.surreypensionfund.org/media/1812/administration-strategy-v3.pdf): <https://www.surreypensionfund.org/media/1812/administration-strategy-v3.pdf>

Question 2: Do you feel that you have all the tools and information you need to fulfil your responsibilities as a scheme employer?



Employers who responded to the survey felt that they 'Mostly' had all the tools & responsibilities they needed.

The [Surrey Pension Fund Employer website](#) was launched in September 2021 and is designed to help you fulfil your responsibilities by providing a breakdown of processes and examples or references where relevant.

There is also the [LGPS website](#) which has a dedicated section for employers where you can find guides, training resources and videos.

A full list of helpful tools, links and resources can be found on [page 8](#).

Your Responsibilities as a Scheme Employer



Question 3: Are there any areas that you feel you would benefit from receiving training in order to fulfil your responsibilities?

These were a few of the responses we received:

- **Would be good to know what happens to the data we provide your end.**

- **Pension calculations**

The pensionable pay you provide is used to calculate the member's pension. For further details, please refer to:

<https://www.lgpsmember.org/arm/already-member-how.php>

- **Payroll would like training on APP and absence**

There are training videos that explain APP and absence which are available on the LGPS website at:

<https://www.lgpsregs.org/employer-resources/employer-bite-size-training.php>

There is also a section on APP on the Employer website at: <https://employers.surreypensionfund.org/leavers/care-and-assumed-pay>

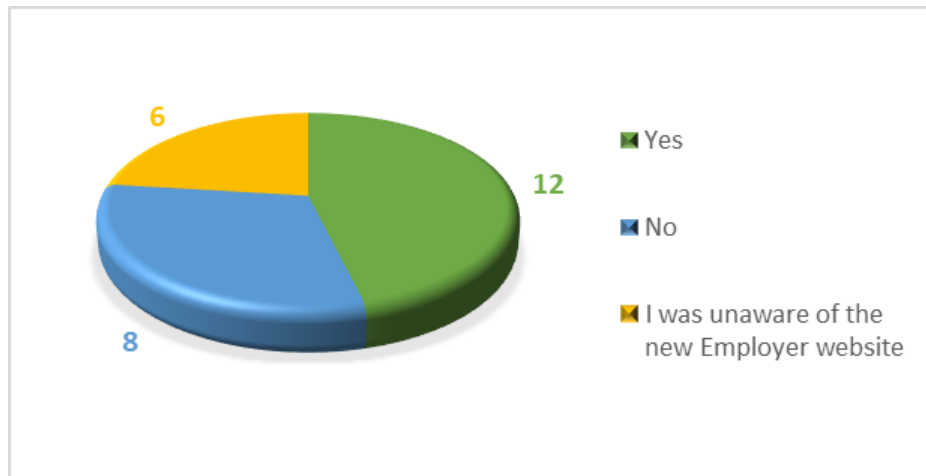
- **Refresher training on final pay calculations under the 2008 regulations**

The Employer website gives guidance on how to calculate final pay, together with examples of full time, part time and term time final pay calculations. Details can also be found in the LGA HR and Payroll Guides at: <http://www.lgpsregs.org/employer-resources/index.php>

Employer resources & Pensions information

Employer website

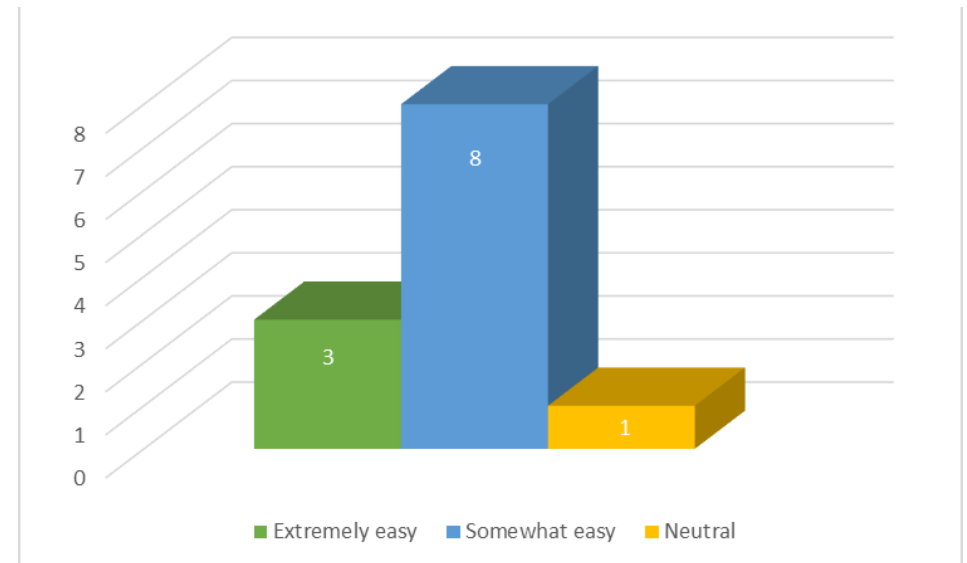
Question 6: Have you visited the new Employer website since it launched in September 2021?



The survey suggests that most employers are both aware & have used our new Employer website in the last 3 months (www.employers.surreypensionfund.org/).

The launch was communicated via email and in the Autumn Employer newsletter. We are currently looking into why some employers feel that they are unaware of the website.

Question 7: While on the Employer website, how easy was it to find the information or form you were looking for?



This question was only asked to employers who answered that they had visited the Employer website since its launch.

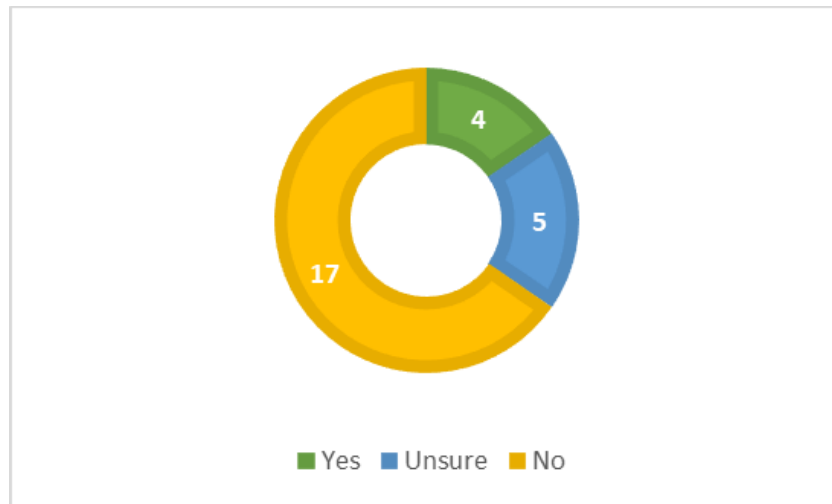
We are happy to see that the employers who have visited the website find it easy to use. However, we have taken your feedback onboard and will continue to improve the site.

If you have any specific feedback or queries regarding the website, please email it to us at

pensions.communications@surreycc.gov.uk

Employer resources & Pensions information

Question 8: Are you familiar with the HR Guide & Payroll Guide that are available on the Local Government Association (LGA) website?



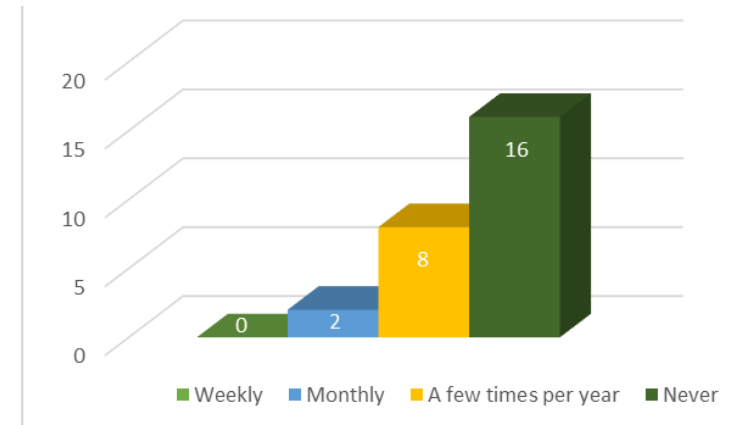
The survey has highlighted that the majority of Employers appear to be unaware of the HR Guide & Payroll Guide on the LGA website. The latest versions of these guides was released on 19 July 2021.

Details on what information is included in the guides can be found on [page 8](#).

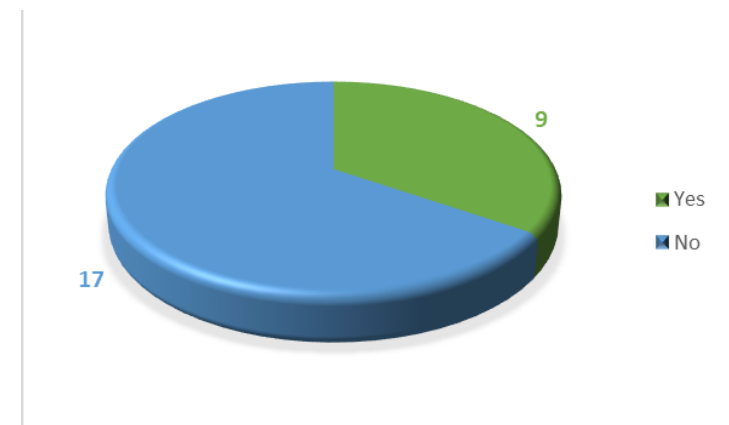
Payroll Guide at: <https://www.lgpslibrary.org/assets/gas/ew/Pv4.2c.pdf>

HR Guide at: <https://www.lgpslibrary.org/assets/gas/ew/HRv4.2c.pdf>

Question 9: How regularly do you use the Employer Services Portal?



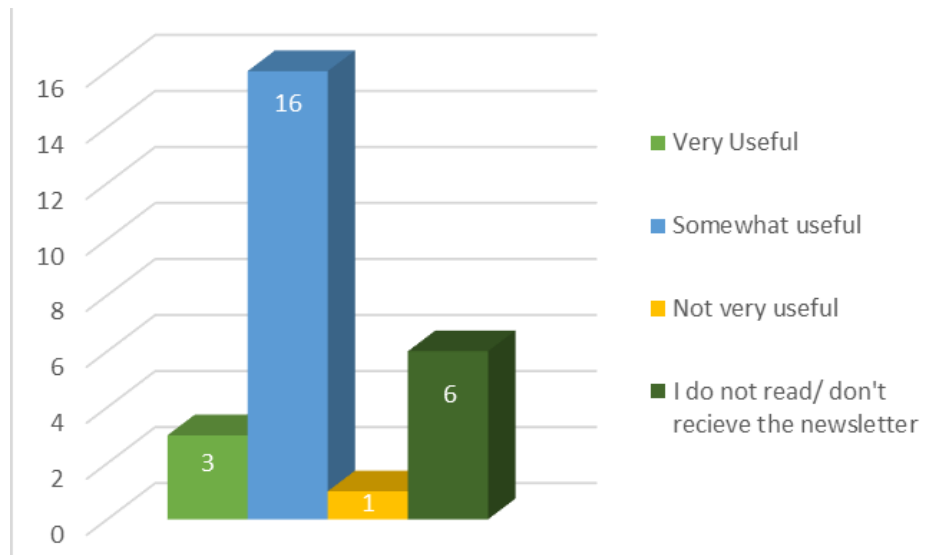
Question 10: Do you know what information you can get from the Employer Services Portal?



[More information on the Employer Portal can be found on page 8.](#)

Employer resources & Pensions information

Question 11: How useful do you find the Employer Newsletters?



We are pleased to see that the majority of responses stated that they found the Employer Newsletters 'Somewhat useful'.

How & where to access the newsletters

We send out Employer Newsletters quarterly, emailing them to the Employer email address we currently hold for you.

It is possible that these emails may fall into your Spam folder, so please check regularly.

Once distributed, all Employer Newsletters are available to view and download from the [Employer Website](#) on the [Forms & Publications page](#).

Question 12: Apart from the LGPS updates & Pension News, is there anything else you would like to see included in the Employer Newsletter?

We want to make sure that the newsletter is relevant to the needs of our Employers, so we asked what topics you would like to see in future newsletters.

We received a request for AVCs to be covered and we will make sure to include the topic in the Spring Employers newsletter.

In the meantime, information about AVCs (*and other ways members can increase their benefits*) can be found on the [Employer website](https://employers.surreypensionfund.org/benefits/avcs): <https://employers.surreypensionfund.org/benefits/avcs>

Pension News

Winter 2021



An update for Employers in the Local Government Pension Scheme (LGPS)

We are pleased to publish the latest edition of our Employers' Newsletter; produced to keep you informed of your responsibilities as a Local Government Pension Scheme (LGPS) employer. Inside you'll also find the latest developments in the LGPS and any changes in the services we offer.

A reminder that we have moved office buildings and have updated our address. Please make note of our new address listed on the back of this newsletter.

Helpful Tools, Links & Resources

[Surrey Pension Fund Website for Employers](#)

Launched in September 2021, the [Surrey Pension Fund Website for Employers](#) helps Employers:

- Learn our procedures and pensions terminology
- Download the documents you need when communicating with us
- Understand your responsibilities as an LGPS employer
- Read our employer newsletters and latest news.

[Payroll & HR Guide](#)

Updated versions of the LGPS HR & Payroll Guides were released on 19 July and they can be found on the LGA Regs website.

The new **Payroll Guide** contains amended guidance on how to calculate Assumed Pensionable Pay (APP) where a member has received a lump sum payment within the last 12 months before the start of the APP.

Payroll Guide at:

<https://www.lgpslibrary.org/assets/gas/ew/Pv4.2c.pdf>

The new **HR Guide** sets out the requirements for Human Resource (HR) departments of employers who provide the LGPS in England and Wales. HR Guide at:

<https://www.lgpslibrary.org/assets/gas/ew/HRv4.2c.pdf>

[LGPS Member Website](#)

The national LGPS member site can be found at: <https://www.lgpsmember.org/index.php>

[LGPS Employer Resources](#)

The Employer Hub of the LGPS Regs website can be found at:

<http://www.lgpsregs.org/employer-resources/index.php>

Here you can find the latest Employer Guides and Documents, up-to-date COVID-19 FAQs as well as bite-size training courses. There's also a link to book onto Employer role training and other worthwhile courses.

[Employer Services Portal](#)

The Employer Services portal allows you to:

- Look up member details.
- Check the members service history.
- Check the members contribution rate.
- Calculate redundancy/efficiency estimates and strain costs.
- Run an estimate of the member's benefits for retirement, flexible retirement, death benefits etc.

If you would like to sign up to the portal, please contact:

pensions.communications@surreycc.gov.uk

[Surrey Pension Fund Website for Members](#)

Every pension fund has its own Pension Fund Website. Up to date LGPS forms and important fund updates can be found here:

<https://www.surreypensionfund.org>

The McCloud Judgment

What is the McCloud Judgment?

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced, this is known as the underpin.

The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them.

What does this mean?

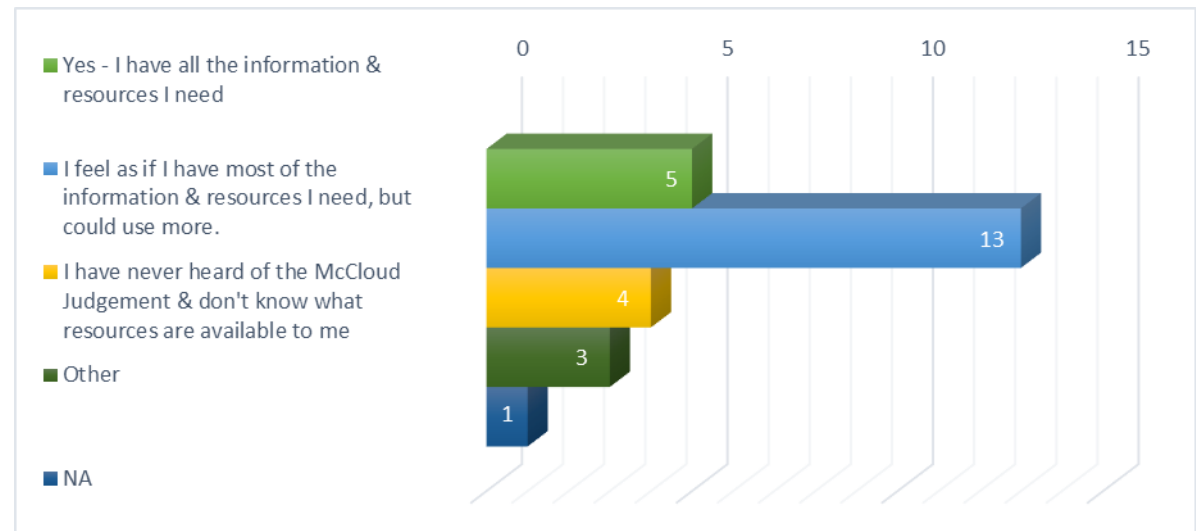
A revised underpin will apply to all members, regardless of their age, who:

- Were active on 31 March 2012.
- Build up benefits in the 2014 Scheme (2015 for Scotland and Northern Ireland).
- Do not have a disqualifying break.

If the members benefits would be better, the underpin will be automatically applied.



Question 13: Do you feel that you have been kept up to date on the McCloud Judgement?



Surrey Employers were sent a spreadsheet earlier in the year requesting the relevant information. This spreadsheet should have been returned to us back in October 2021. **Our Admin Team will contact you if any clarification is needed on data already submitted.**

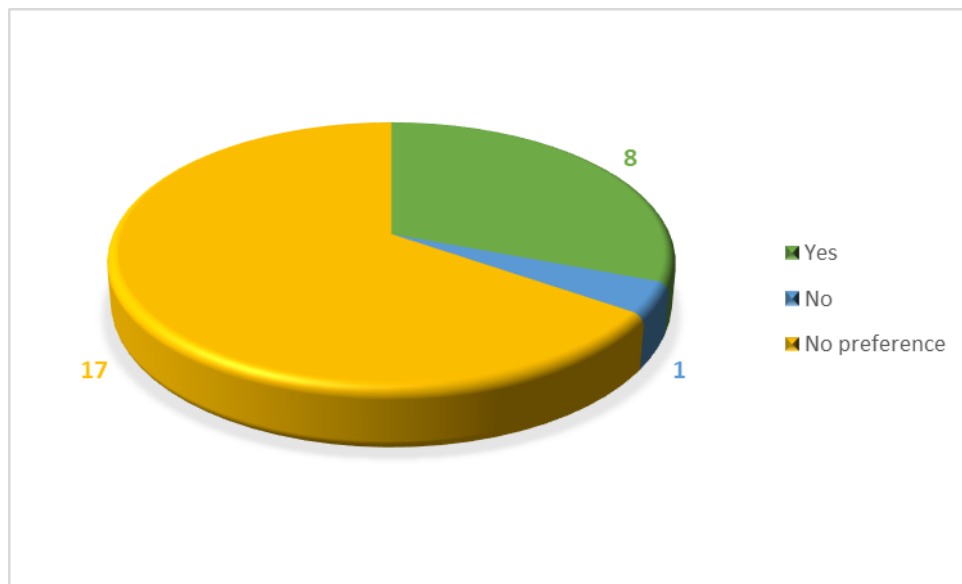
Some Employers mentioned that they found the guidance difficult to follow and we will keep this in mind for all future communication regarding the McCloud Judgement.

More information on the McCloud case can be found on the LGPS Regs website at: <https://lgpsregs.org/resources/guidesetc.php>

Employer Forms & Datafiles



Question 14: Would you prefer to submit the LG4 and LG29 as a spreadsheet rather than the currently completed forms?



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The majority of responses answered that they had no preference on whether we use spreadsheets or forms going forwards. As the second most answer was 'Yes', we will begin to roll out our spreadsheet trials—starting with an updated replacement for the LG4 form.



Retirement Datafile

We are introducing the updated Retirement Datafile which will replace the existing LG4 Form. **We are currently accepting both the Retirement Datafile and the LG4 form, and will continue to do so until 30 June.**

From 1 July, we will only accept the new Retirement Datafile which will be available to download on the Employer website. A reminder will be emailed out at this time.

Retirement Datafile (LG4) Format				For further information, please refer to:
				Surrey Pension Fund Employer website
				Employer Resources - LGPS Regulations and Guidance
				HR Guide - LGPS Regulations and Guidance
				Payroll Guide - LGPS Regulations and Guidance
<p>Please</p> <ul style="list-style-type: none"> * Create a data-file of your LGPS retirement leavers actioned by completing the yellow fields. * E-mail your completed file to Surrey Pension Team securely using the 'Egress' secure email system to pensions.technical@surreycc.gov.uk * Include the words Retirement Datafile in the subject line. 				
<p>DATA TAB</p> <p>Employer Name Input your Employer Name e.g. Guildford Town Council</p> <p>Your Name Input your name in the event that we have a query.</p> <p>Post Title Input your role title.</p> <p>Telephone Number Input your phone number in the event that we have a query.</p> <p>Email Address Input your email address in the event that we have a query.</p> <p>Date Sent to SCC Input the date that you intend to send us your information.</p>				
	Field	Format	Mandatory or Optional	Notes and Description
	N I Number	AA123456A	Mandatory	National Insurance Number.
	Title (Form of Address)	Select from drop-down list	Mandatory	Select from: Cllr, Dr, Miss, Mr, Mrs, Ms, Prof, Sir, Mx
	Surname	Char(25)	Mandatory	25 letters maximum. Apostrophes and hyphens are acceptable
	First Forename	Char(25)	Mandatory	25 letters maximum.
	Date of Birth	dd/mm/yyyy	Mandatory	Make sure that excel has recognised the date input as date format
	Sex	Select from drop-down list	Mandatory	Select from F or M
<p>Notes Data Additional Contracts Form Final Pay Calculator</p>				

Contact Details & Escalation Points

When asked, 69% of responders said that they were unaware of the contact details and escalation points for the Surrey Pension Team.

Please find the most up to date details below:

Our Contact Details



0300 200 1031



Surrey Pension Team
2nd Floor Dakota
11 De Havilland Dr.
Weybridge
KT13 0YP



Initial enquiries		
Member and employer enquiries	Pensions Helpdesk: myhelpdeskpensions@surreycc.gov.uk 0300 200 1031	Contact for standard member and employer transaction requests
Queries regarding 'My Pension' Portal	Pensions Helpdesk: myhelpdeskpensions@surreycc.gov.uk 0300 200 1034	This phone number contact is just for 'My Pension' Portal queries
Employer enquiries regarding leavers/joiners forms and estimate	lqps.forms@surreycc.gov.uk	Contact for sending forms and form related requests
Operational team escalation or priority emails		
Escalated and priority member and employer enquiries	Clare Chambers, Pensions Service Delivery Manager: clare.chambers@surreycc.gov.uk	Contact for urgent/escalation cases only. All general enquiries will be forwarded to the Helpdesk if received.
Technical enquiries		
Fund requests	Pensions.technical@surreycc.gov.uk	Contact for report requests and changes to scheme calendar events
Communications support		
Member and employer engagement	Pensions.communications@surreycc.gov.uk	Contact for engagement, training support for members and employers

Employer Survey 2021

The Results

An update for Employers of the Local Government Pension Scheme (LGPS)

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Contact Details & Escalation Points

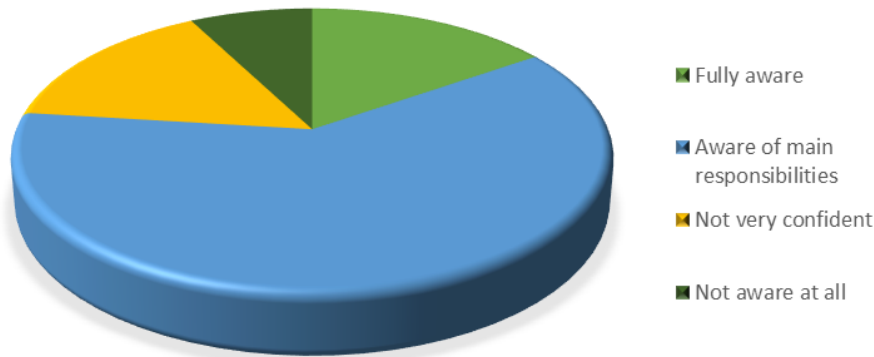
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Your Feedback & Our Plans for the Future

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Your Responsibilities as a Scheme Employer

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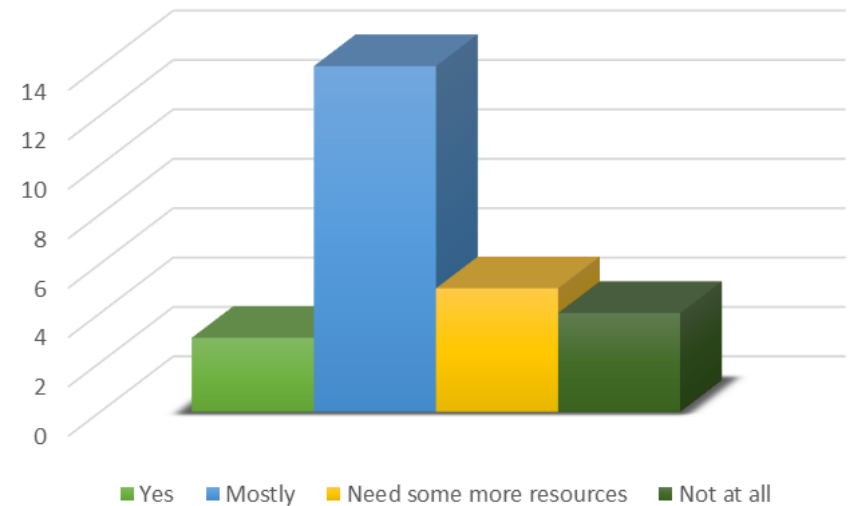


The majority of employers were aware of their main responsibilities as a scheme employer.

Surrey Pension Fund has published an administration strategy which sets out the roles and responsibilities for you as a Scheme Employer.

The Strategy document can be found on the [Surrey Pension Fund website](https://www.surreypensionfund.org/media/1812/administration-strategy-v3.pdf): <https://www.surreypensionfund.org/media/1812/administration-strategy-v3.pdf>

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Employers who responded to the survey felt that they 'Mostly' had all the tools & responsibilities they needed.

The [Surrey Pension Fund Employer website](#) was launched in September 2021 and is designed to help you fulfil your responsibilities by providing a breakdown of processes and examples or references where relevant.

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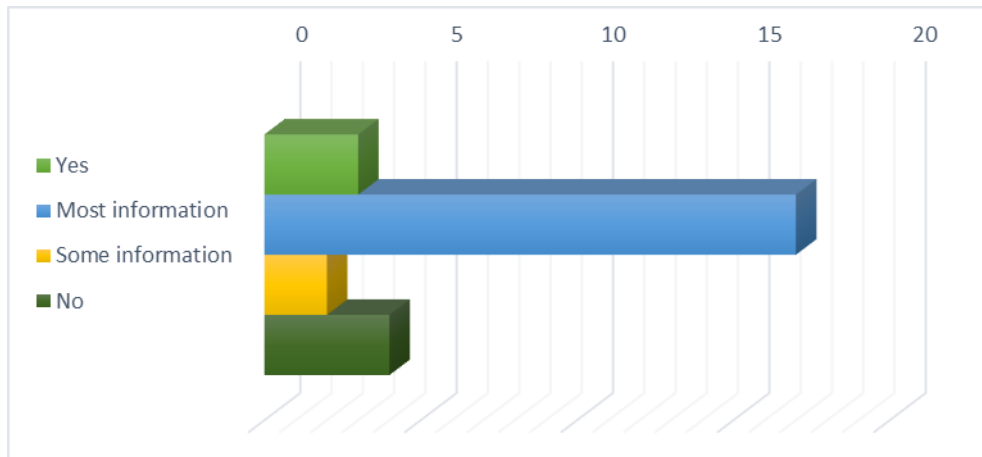
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- **Refresher training on final pay calculations under the 2008 regulations**

The Employer website gives guidance on how to calculate final pay, together with examples of full time, part time and term time final pay calculations. Details can also be found in the LGA HR and Payroll Guides at: <http://www.lgpsregs.org/employer-resources/index.php>

Employer resources & Pensions information

Question 4: Do you know where to get pensions information?



The response to the survey suggests that most employers know where to get pensions information. However, to help clear up any confusion, we have collated a selection of helpful links and resources on [page 8](#) that should help.

Questions 6-10 of the survey further explored which resources Employers currently use/ are aware of.

Question 5: If so, where do you get your information from?



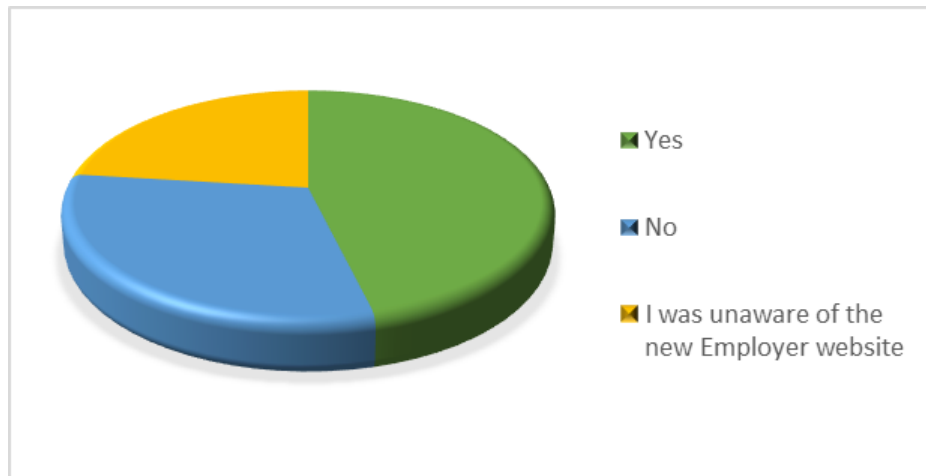
The most common answers were:

- LGPS Website
- Surrey Pension Fund Website
- My Helpdesk
- Google
- Contact Surrey Pension Fund directly

Employer resources & Pensions information

Employer website

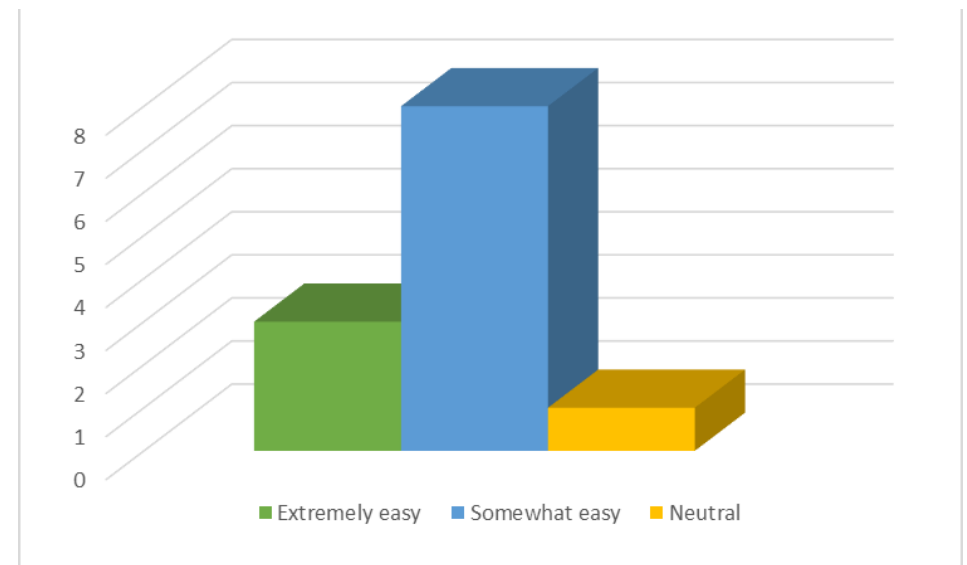
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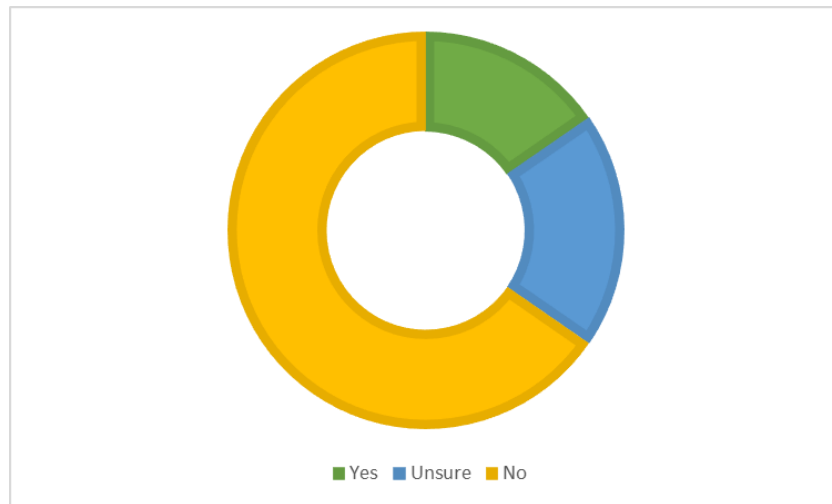
We are happy to see that the employers who have visited the website find it easy to use. However, we have taken your feedback onboard and will continue to improve the site.

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Employer resources & Pensions information

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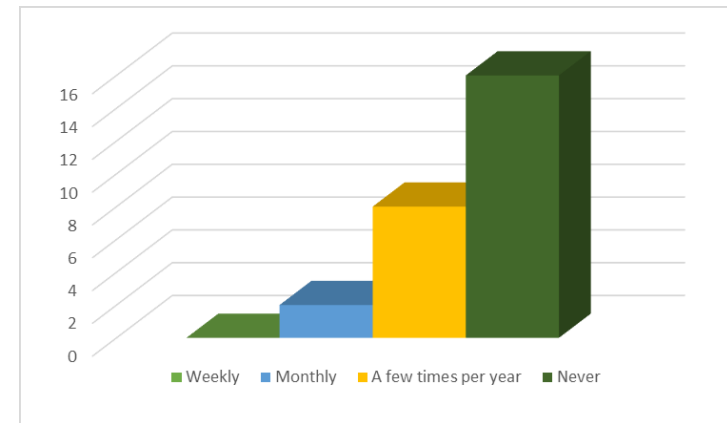
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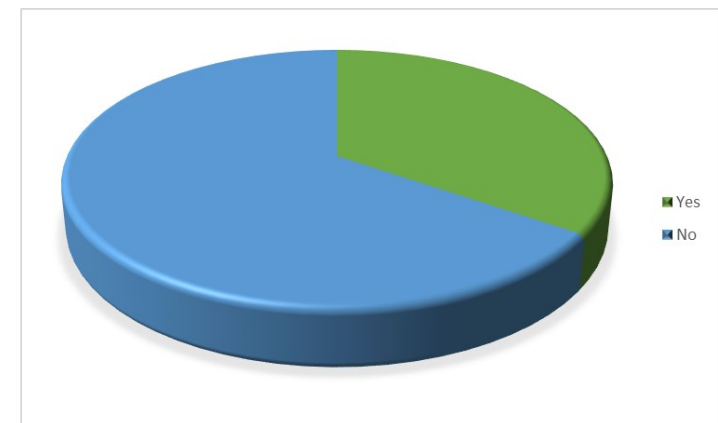
Payroll Guide at: <https://www.lgpslibrary.org/assets/gas/ew/Pv4.2c.pdf>

HR Guide at: <https://www.lgpslibrary.org/assets/gas/ew/HRv4.2c.pdf>

Question 9: How regularly do you use the Employer Services Portal?



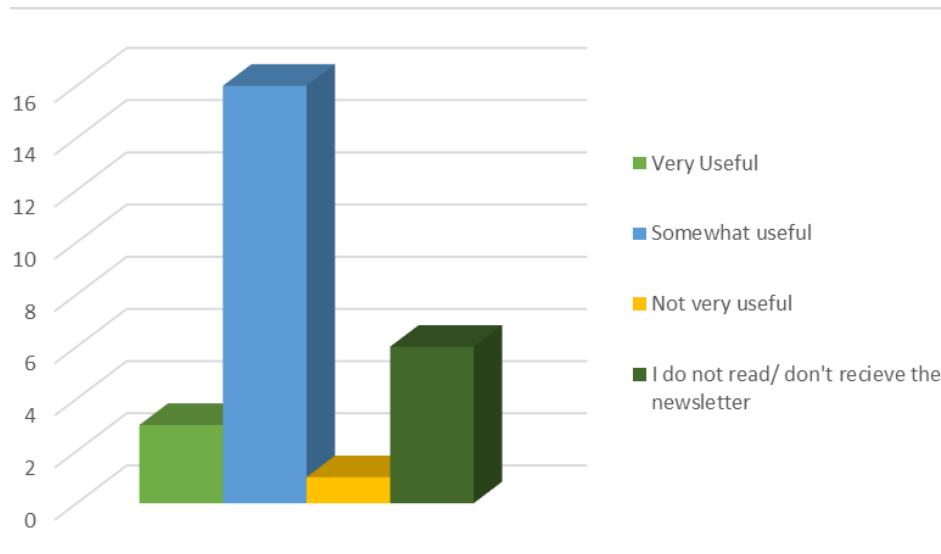
Question 10: Do you know what information you can get from the Employer Services Portal?



[More information on the Employer Portal can be found on page 8.](#)

Employer resources & Pensions information

Question 11: How useful do you find the Employer Newsletters?



We are pleased to see that the majority of responses stated that they found the Employer Newsletters 'Somewhat useful'.

How & where to access the newsletters

We send out Employer Newsletters quarterly, emailing them to the Employer email address we currently hold for you.

It is possible that these emails may fall into your Spam folder, so please check regularly.

Once distributed, all Employer Newsletters are available to view and download from the [Employer Website](#) on the [Forms & Publications page](#).

Question 12: Apart from the LGPS updates & Pension News, is there anything else you would like to see included in the Employer Newsletter?

We want to make sure that the newsletter is relevant to the needs of our Employers, so we asked what topics you would like to see in future newsletters.

We received a request for AVCs to be covered and we will make sure to include the topic in the Spring Employers newsletter.

In the meantime, information about AVCs (*and other ways members can increase their benefits*) can be found on the [Employer website](https://employers.surreypensionfund.org/benefits/avcs): <https://employers.surreypensionfund.org/benefits/avcs>

Pension News

Winter 2021



An update for Employers in the Local Government Pension Scheme (LGPS)

We are pleased to publish the latest edition of our Employers' Newsletter; produced to keep you informed of your responsibilities as a Local Government Pension Scheme (LGPS) employer. Inside you'll also find the latest developments in the LGPS and any changes in the services we offer.

A reminder that we have moved office buildings and have updated our address. Please make note of our new address listed on the back of this newsletter.

Helpful Tools, Links & Resources

[Surrey Pension Fund Website for Employers](#)

Launched in September 2021, the [Surrey Pension Fund Website for Employers](#) helps Employers:

- Learn our procedures and pensions terminology
- Download the documents you need when communicating with us
- Understand your responsibilities as an LGPS employer
- Read our employer newsletters and latest news.

[Payroll & HR Guide](#)

Updated versions of the LGPS HR & Payroll Guides were released on 19 July and they can be found on the LGA Regs website.

The new **Payroll Guide** contains amended guidance on how to calculate Assumed Pensionable Pay (APP) where a member has received a lump sum payment within the last 12 months before the start of the APP.

Payroll Guide at:

<https://www.lgpslibrary.org/assets/gas/ew/Pv4.2c.pdf>

The new **HR Guide** sets out the requirements for Human Resource (HR) departments of employers who provide the LGPS in England and Wales. HR Guide at:

<https://www.lgpslibrary.org/assets/gas/ew/HRv4.2c.pdf>

[LGPS Member Website](#)

The national LGPS member site can be found at: <https://www.lgpsmember.org/index.php>

[LGPS Employer Resources](#)

The Employer Hub of the LGPS Regs website can be found at:

<http://www.lgpsregs.org/employer-resources/index.php>

Here you can find the latest Employer Guides and Documents, up-to-date COVID-19 FAQs as well as bite-size training courses. There's also a link to book onto Employer role training and other worthwhile courses.

[Employer Services Portal](#)

The Employer Services portal allows you to:

- Look up member details.
- Check the members service history.
- Check the members contribution rate.
- Calculate redundancy/efficiency estimates and strain costs.
- Run an estimate of the member's benefits for retirement, flexible retirement, death benefits etc.

If you would like to sign up to the portal, please contact:

pensions.communications@surreycc.gov.uk

[Surrey Pension Fund Website for Members](#)

Every pension fund has its own Pension Fund Website. Up to date LGPS forms and important fund updates can be found here:

<https://www.surreypensionfund.org>

The McCloud Judgment

What is the McCloud Judgment?

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced, this is known as the underpin.

The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them.

What does this mean?

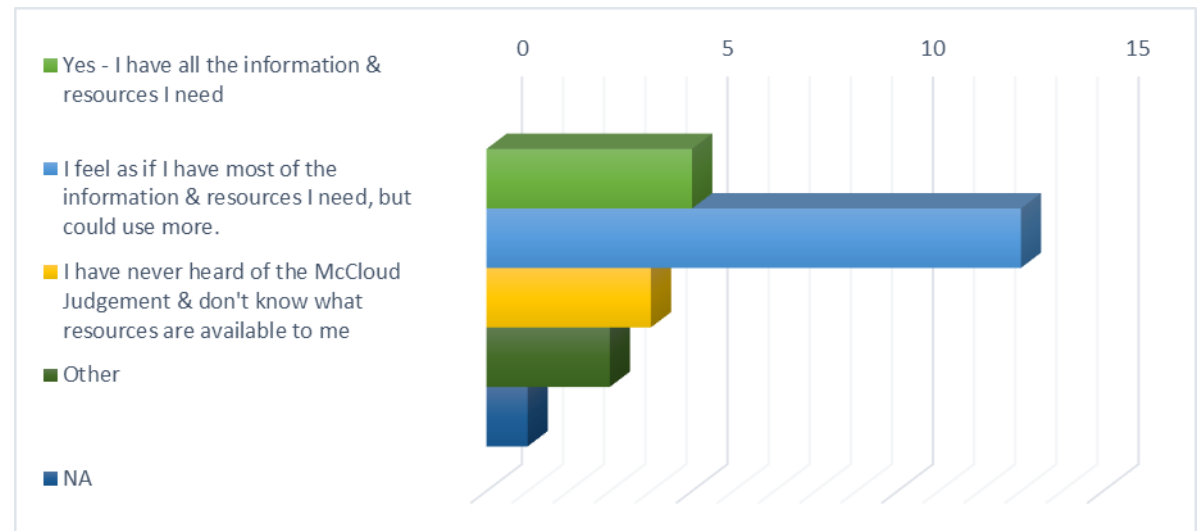
A revised underpin will apply to all members, regardless of their age, who:

- Were active on 31 March 2012.
- Build up benefits in the 2014 Scheme (2015 for Scotland and Northern Ireland).
- Do not have a disqualifying break.

If the members benefits would be better, the underpin will be automatically applied.



Question 13: Do you feel that you have been kept up to date on the McCloud Judgement?



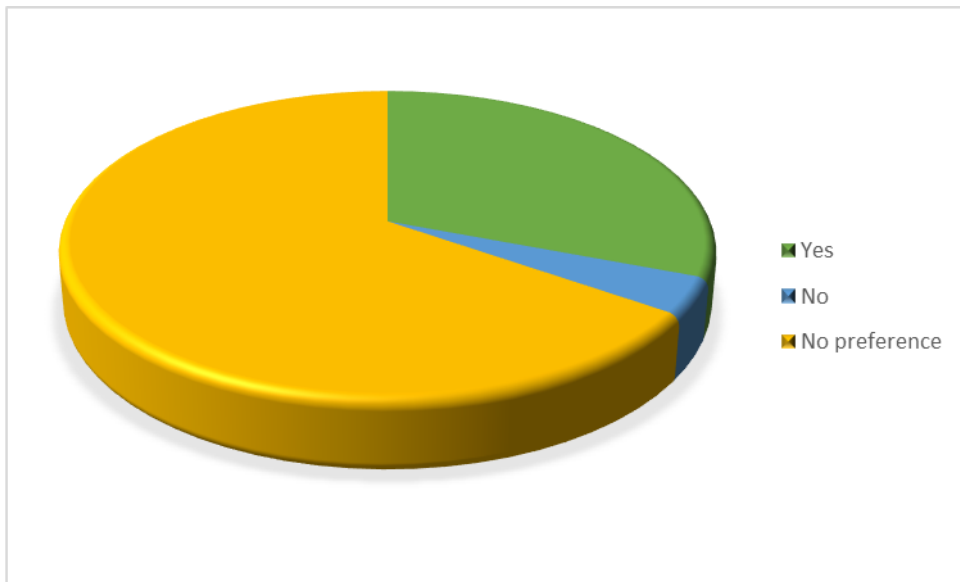
Surrey Employers were sent a spreadsheet earlier in the year requesting the relevant information. This spreadsheet should have been returned to us back in October 2021. **Our Admin Team will contact you if any clarification is needed on data already submitted.**

Some Employers mentioned that they found the guidance difficult to follow and we will keep this in mind for all future communication regarding the McCloud Judgement.

More information on the McCloud case can be found on the LGPS Regs website at: <https://lgpsregs.org/resources/guidesetc.php>

Employer Forms & Datafiles

Question 14: Would you prefer to submit the LG4 and LG29 as a spreadsheet rather than the currently completed forms?



The majority of responses answered that they had no preference on whether we use spreadsheets or forms going forwards. As the second most answer was 'Yes', we will begin to roll out our spreadsheet trials—starting with an updated replacement for the LG4 form.

Retirement Datafile

We are introducing the updated Retirement Datafile which will replace the existing LG4 Form. **We are currently accepting both the Retirement Datafile and the LG4 form, and will continue to do so until 30 June.**

From 1 July, we will only accept the new Retirement Datafile which will be available to download on the Employer website. A reminder will be emailed out at this time.

Retirement Datafile (LG4) Format				For further information, please refer to:
				Surrey Pension Fund Employer website
				Employer Resources - LGPS Regulations and Guidance
				HR Guide - LGPS Regulations and Guidance
				Payroll Guide - LGPS Regulations and Guidance
<p>Please</p> <ul style="list-style-type: none"> * Create a data-file of your LGPS retirement leavers actioned by completing the yellow fields. * E-mail your completed file to Surrey Pension Team securely using the 'Egress' secure email system to pensions.technical@surreycc.gov.uk * Include the words Retirement Datafile in the subject line. 				
DATA TAB				
Employer Name	Input your Employer Name e.g. Guildford Town Council			
Your Name	Input your name in the event that we have a query.			
Post Title	Input your role title.			
Telephone Number	Input your phone number in the event that we have a query.			
Email Address	Input your email address in the event that we have a query.			
Date Sent to SCC	Input the date that you intend to send us your information.			
DATA TAB				
Field	Format	Mandatory or Optional	Notes and Description	
N I Number	AA123456A	Mandatory	National Insurance Number.	
Title (Form of Address)	Select from drop-down list	Mandatory	Select from: Cllr, Dr, Miss, Mr, Mrs, Ms, Prof, Sir, Mx	
Surname	Char(25)	Mandatory	25 letters maximum. Apostrophes and hyphens are acceptable	
First Forename	Char(25)	Mandatory	25 letters maximum.	
Date of Birth	dd/mm/yyyy	Mandatory	Make sure that excel has recognised the date input as date format	
Sex	Select from drop-down list	Mandatory	Select from F or M	

Contact Details & Escalation Points

When asked, 69% of responders said that they were unaware of the contact details and escalation points for the Surrey Pension Team.

Please find the most up to date details below:

Our Contact Details



0300 200 1031



Surrey Pension Team
2nd Floor Dakota
11 De Havilland Dr.
Weybridge
KT13 0YP



Initial enquiries		
Member and employer enquiries	Pensions Helpdesk: myhelpdeskpensions@surreycc.gov.uk 0300 200 1031	Contact for standard member and employer transaction requests
Queries regarding 'My Pension' Portal	Pensions Helpdesk: myhelpdeskpensions@surreycc.gov.uk 0300 200 1034	This phone number contact is just for 'My Pension' Portal queries
Employer enquiries regarding leavers/joiners forms and estimate	lqps.forms@surreycc.gov.uk	Contact for sending forms and form related requests
Operational team escalation or priority emails		
Escalated and priority member and employer enquiries	Clare Chambers, Pensions Service Delivery Manager: clare.chambers@surreycc.gov.uk	Contact for urgent/ escalation cases only. All general enquiries will be forwarded to the Helpdesk if received.
Technical enquiries		
Fund requests	Pensions.technical@surreycc.gov.uk	Contact for report requests and changes to scheme calendar events
Communications support		
Member and employer engagement	Pensions.communications@surreycc.gov.uk	Contact for engagement, training support for members and employers

Your Feedback & Our Plans for the Future

Thank you for all your feedback. We have taken it onboard and we will use it to help plan for future updates.

We hope that this report has helped answer some particular questions and reoccurring gaps in knowledge that were highlighted by the survey.

On average, the Employers who answered our survey rated the service that they get from Surrey Pension Team at 3 stars out of 5.

When asked on how you think we could improve, the reoccurring themes were:

- Try to simplify the language used on forms
- Better communication with members, especially regarding the retirement process
- Try to move more processes online.

Our Plans for the Future

Winter Employer Newsletter 2021

The next Employer Newsletter was attached alongside this report. This was sent out via email to the Employer email address we hold for you.

Spreadsheets over Forms

Following feedback from Question 14 (page 10) we have decided to trial an updated Retirement Datafile.

More information on this can be found on [page 10](#) of this report and in the Winter Employer Newsletter.

The spreadsheet contains guidance on how to complete each of the fields and the format required.

Retirement Process

Following feedback from employers, we are currently looking into ways we can improve the retirement process for both members and employers.

Additional Training

In response to your feedback, we will look into providing additional training materials to help you.

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 18 FEBRUARY 2022**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** TURNAROUND PROGRAMME UPDATE**SUMMARY OF ISSUE:**

In July 2020 a pension "Turnaround Programme" was established to oversee the following:

1. Dissolution of the Orbis pension partnership between Surrey County Council (SCC) and East Sussex County Council (ESCC).
2. Reversion of pensions administration to the respective ESCC and SCC sovereign authorities.
3. Reevaluate the relationships with other pension administration customers.
4. Redesign the pensions function as an integrated Surrey Pensions Team combining administration with all other Fund activities.

This report provides the Surrey Local Pension Board (the Board) with an update on the Turnaround Programme.

RECOMMENDATIONS:

It is recommended that the Board:

Note the content of this report and make recommendations to the Surrey Pension Fund Committee (the Committee) if appropriate.

REASON FOR RECOMMENDATIONS:

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

DETAILS:**Background**

1. As a result of a review of the Orbis partnership between ESCC and SCC, it was recommended that management of pension administration revert to the sovereign control of both councils.
2. SCC retained legacy responsibility for managing the administration of Surrey fire fighters pension scheme, as well as 4 London Borough LGPS funds (Kensington & Chelsea; Westminster; Hammersmith & Fulham and

Hillingdon). After failing to agree on a revised pricing model, these have all now exited Surrey's management.

3. A pension Turnaround Programme was established with Phase 1 overseeing the dissolution of the Orbis pension partnership, along with reversion to sovereign authorities and London Borough fund relationships and Phase 2 overseeing the Organisation redesign. A three year roadmap has been developed as follows:



4. Phase 1 comprised the following six projects:
 - a) Dissolution of the Orbis pension administration.
 - b) SCC sovereign return.
 - c) ESCC sovereign return.
 - d) Systems procurement.
 - e) Exit of London Boroughs.
 - f) Exit of Surrey Fire and Rescue service (SFRS).
5. Phase 2 comprises the following workstreams:
 - a) Organisation re-design – ensuring the Surrey Pension Team has the right structure, processes and people to successfully achieve the vision, mission and ambition of the service.
 - b) People & Recruitment – to successfully manage the transition from the current structure to the new structure
 - c) Process & Technology – to ensure the right processes and technology are in place to successfully meet the vision, mission and ambitions of the service.
 - d) Culture & Training – to ensure the culture of the team enables the vision, mission and ambitions of the service to be met and there is appropriate training in place to support the new culture

- e) Communication & Engagement – to ensure effective communication and engagement with staff and relevant stakeholders throughout the programme.
6. This report provides an update on the progress of the Turnaround Programme, specifically in relation to the impact on SCC.
 7. The Chairman of the Pension Fund Committee and the Local Pension Board are provided with an update on the progress of the Turnaround Programme on a monthly basis.

Phase 1 programme update

8. Completed activity
 - a) Exits of 6 funds (ESCC, four London Boroughs and SFRS) now complete
 - b) All member data deleted (with the exception of Hammersmith & Fulham)
9. Planned activity:
 - a) Agreed remainder of EA2P queries for Hammersmith & Fulham
 - b) Post, scanning and ad hoc queries for Hammersmith & Fulham
 - c) Member data for London Borough of Hammersmith & Fulham deleted before 31st March 2022

Phase 2 programme update

10. Executive Summary:
 - a) All four leadership posts recruited to with Head of Investment & Stewardship joining on 28th February 2022
 - b) All internal recruitment completed by 31st January 2022
11. Organisational redesign update:
 - a) Completed activity this period:
 - i- Meeting with Business Operations to receive their response regarding how they believe they can meet each of the key requirements of the Surrey Pension Team.
 - b) Planned activity for next period:
 - i- Finalise Business Case to make the case for determining a way forward.
 - c) Risks/dependencies:
 - i- None for escalation
12. People and recruitment update:
 - a) Completed activity this period:
 - i- All leadership positions recruited to
 - ii- All internal recruitment completed
 - iii- Notice given to staff at risk of compulsory redundancy
 - b) Planned activity for next period:
 - i- Onboard Head of Investment & Stewardship
 - ii- Complete recruitment to vacant posts within the structure
 - c) Risks/dependencies:
 - i- None for escalation

13. Process and technology update:
- a) Completed activity this period:
 - i- First workshop with Heywoods to value stream map the Death process has taken place
 - b) Planned activity for next period:
 - i- Workshop with Heywoods to value stream map the Transfer process
 - ii- Use outcomes from workshops to look at all remaining processes
 - c) Risks/dependencies:
 - i- Progress and completion of process mapping dependent on having the right subject matter experts involved
14. Culture and training update:
- a) Completed activity this period:
 - i- Approach to induction for all staff, incorporating the new vision, mission and values of the Surrey Pension Team agreed and resource identified to create it
 - b) Planned activity for next period:
 - i- Finalise and roll out induction for all new and existing staff
 - ii- Identify approach for core Pensions training for all staff and process specific training on new processes
 - c) Risks/dependencies:
 - i- Resistance to change could undermine success of new culture.
15. Communication and engagement update:
- a) Completed activity this period:
 - i- Bespoke workshops to support staff with preparing for interviews were well attended with positive feedback received.
 - ii- Dedicated pensions inbox remains open for staff queries.
 - b) Planned activity for next period:
 - i- Ongoing whole of Pensions meetings to take forward BAU priorities post consultation
 - ii- Work with newly appointed Communications Officer to refine approach to staff communication going forward including refresh of staff newsletter
 - c) Risks/dependencies: n/a

CONSULTATION:

16. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

18. The performance of the pensions function does present potential financial and value for money implications to the Pension Fund. The Turnaround Programme seeks to address this.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

20. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

21. Equality or diversity issues are addressed in this report.

OTHER IMPLICATIONS

22. There are no other implications.

WHAT HAPPENS NEXT

23. The following next steps are planned:

- a) Further updates will be provided to the Chairman of the Board on a monthly basis and to the Board at its next meeting.

Contact Officer:

Neil Mason, Strategic Finance Manager (Pensions)

Consulted:

Local Pension Board Chairman

Sources/background papers:

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SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 18 FEBRUARY 2022**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** PROGRESS OF 2021/22 INTERNAL AUDIT PLAN**SUMMARY OF ISSUE:**

This report considers the progress made on the completed audits in the 2021/22 Internal Audit Plan since 5 August 2021.

RECOMMENDATIONS:

It is recommended that the Board:

Note the content of this report and make recommendations to the Surrey Pension Fund Committee (the Committee) if appropriate.

REASON FOR RECOMMENDATIONS:

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

DETAILS:**Introduction**

1. The Surrey Pension Fund has regular internal audits of its investment and administration functions. With the integration of investments and administration functions into a single pensions team, the 2021/22 internal audit will look at a combined audit of pension functions.

Background

2. As agreed by the Board on 5 August 2021, this report provides an update of the completed audits from the following audits in the 2021/22 Internal Audit Plan and the purpose of these audits will be to provide assurance that controls are in place and operating satisfactorily:
 - a) Altair Application Controls

- b) Key Administrative Processes including those identified by the Pensions Regulator including, but not limited to, retirements, deaths and immediate payments.
- c) Banking controls.
- d) Pension Fund investments.
- e) Follow up of the 2020/21 Administration Review.

Altair Application Controls

3. The final audit report was issued in November 2021.
4. The purpose of the audit is to provide assurance that controls are in place to meet the following objectives:
 - a) There is a clear system owner in place to oversee application controls, patching and access.
 - b) System access controls and permissions prevent unauthorised users from accessing confidential information, reducing the risk of fraud and malicious damage to data.
 - c) Roles and responsibilities for system ownership, data input and processing are clearly defined, resulting in reduced control.
 - d) Outputs produced by the system are complete, accurate, reliable, distributed on time and with confidentiality where appropriate.
 - e) System updates and enhancements are performed in a consistent manner and are subject to sufficient testing and authorisation before implementation.
 - f) Appropriate support arrangements are in place to manage changes within the system.
 - g) Personal and / or sensitive information is only extracted from the system or released where there is a legitimate business need, and appropriate authorisation has been granted.
 - h) There is a clearly defined data controller in place to manage the collection, use and release of data.
 - i) There are sufficient business continuity arrangements in place to mitigate against the risk of data loss and the impacts of system down-time.
 - j) Exit arrangements are well controlled and completed in a timely manner.
5. The audit opinion is **Reasonable Assurance**. This opinion means that most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
6. The audit report has 8 findings (6 medium and 2 low priority) and agreed actions and include the following:
 - a) Password controls are in place to reduce the risk of unauthorised access, with a limited number of access attempts permitted before accounts are locked.
 - b) Users are informed of updates to the system in advance and supported through the use of release guides, webinars and training where appropriate with system downtime is communicated effectively.

- c) The arrangements for customer pension funds exiting the Surrey Pension Fund are generally well controlled and completed in a timely manner. However, the findings identified in (e) below, particularly in terms of user access management and reconciliation of outputs should be applied to these arrangements in future.
 - d) Regular backups of data are taken and stored on a disaster recovery server to reduce the risk of data loss should a system failure occur.
 - e) The following areas require improvements to strengthen the control environment and the Support and Development Manager has agreed actions which are currently being tracked to be implemented between January and April 2022:
 - i- Access permissions are not subject to sufficient control, with a number of generic user accounts with the highest access permissions having been assigned to the system provider, reducing oversight, and an officer holding an account linked to their personal email address, as opposed to a corporate account.
 - ii- There are currently no regular checks in place to ensure that the access levels assigned to users remain appropriate, increasing the risk of unauthorised access to system elements. It was agreed to review
 - iii- A number of users were noted to have multiple accounts on the system. It is understood that this is for efficiency purposes, however, this does create a risk that workflow controls can be bypassed. Management are aware of and actively monitor this risk as the issue has previously been reported.
 - iv- At the time of testing, 17 users had been assigned the highest levels of access permission. No reviews are conducted to verify the actions undertaken by those with such access, which includes the ability to add and remove user accounts, as well as altering the permissions of existing users, thus increasing the risk of unauthorised or inappropriate access.
 - v- User acceptance testing for previous updates was not complete, with a number of user acceptance tests lacking narrative or conclusions, which may result in untested errors occurring on the live system.
 - vi- The actions agreed include the following:
 - o Maintain a register of external user access with key information of the user and undertake monthly checks to monitor unusual activity,
 - o Regular review of all user accounts to ensure use of corporate email accounts only and terminate personal email accounts,
 - o Introduce user access in line with the implementation of new structure,
 - o The service to provide UAT scripts for the upgrades 21.3 and 21.4 to provide further assurance of testing carried out in full and signed off, and
 - o Security assurance to be sought from the system supplier with a request for the necessary security certification made on 19.11.2021.
7. Board will receive a further update at its next meeting in May 2022 by when the agreed actions are expected to be completed.

Key Administrative Processes including those identified by the Pensions Regulator

8. The Terms of Reference for the audit is currently being drafted.
9. Board will receive an update at its next meeting in May 2022.

Pension Fund Banking Controls

10. The draft audit report was issued in January 2022 and Pension Management are in the process of responding to the findings and agreeing actions for implementation.
11. The control objectives of the audit included the following:
 - a) Roles and responsibilities in respect of the pension fund bank account and allied accounting arrangements are clearly defined.
 - b) The fund suspense account is subject to regular review with balances cleared in a timely manner.
 - c) Income is processed in a timely manner with both scheme member, and fund records, updated accordingly.
 - d) Expenditure is subject to necessary checks with balances processed in a timely manner and, both scheme member and fund records, updated accordingly.
12. The Board will receive a progress update at its next meeting in May 2022 by when the final audit report will have been published.

Pension Fund Investment

13. The audit review is currently in progress.
14. The control objectives associated with this audit include the following:
 - a) To ensure monitoring arrangements over the fund and fund managers are sufficiently robust.
 - b) To gain assurance that the fund has a suitable statement of objectives which is linked to measurable targets and performance indicators.
 - c) To ensure that the fund's investment strategy is robust and strategic decisions are implemented correctly and in a timely manner.
 - d) To provide assurance over the internal control environment of the fund managers and custodians.
15. The Board will receive a progress update at its next meeting in May 2022.

Follow up audit of the 2020/21 Administration

16. As previously reported on 5 August 2021, the 2020/21 Administration audit report was issued in July 2021 with a **Partial Assurance** audit opinion. This opinion means that there are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
17. The audit report has 10 findings (4 high and 6 medium priority) and agreed actions.
18. While the progress is being tracked against the agreed actions by the Pension Service Delivery Manager, the Terms of Reference for the follow-up audit is currently being drafted.
19. The Board will receive a progress update at its next meeting in May 2022.

CONSULTATION:

20. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

22. The performance of the pensions function does present potential financial and value for money implications to the Pension Fund. The Turnaround Programme seeks to address this.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

24. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

25. Equality or diversity issues are addressed in this report.

OTHER IMPLICATIONS

26. There are no other implications.

WHAT HAPPENS NEXT

27. The following next steps are planned:

Regular progress reports on the agreed actions from the completed audits will be brought to the Local Pension Board.

Contact Officer:

Paul Titcomb, Head of Accounting and Governance

Consulted:

Local Pension Board Chairman

Sources/background papers: