

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.30 am on 19 May 2023 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 28 July 2023.

(* present)

Elected Members:

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

In attendance

Siobhan Kennedy - attended online
Fiona Skene - attended online
Nick Harrison, Chairman of the Surrey Pension Fund Committee

The Board agreed to a change in the order of agenda items to be taken.

17/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

An apology was received from Trevor Willington. Both Fiona Skene and Siobhan Kennedy attended online.

18/23 MINUTES FROM THE PREVIOUS MEETING: 17 MARCH 2023 [Item 2]

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

19/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

20/23 QUESTIONS AND PETITIONS [Item 4]

There were none.

21/23 ACTION TRACKER AND FORWARD PLAN [Item 5]

Key points raised during the discussion:

1. In relation to tracker item A1/15 the Chairman encouraged Board Members to make completing their training, a priority.

Recommendations:

The Board noted the tracker and forward plan.

22/23 CHANGE PROGRAMME UPDATE [Item 10]

Speakers:

Nicole Russell, Head of Change Management
Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

1. The Head of Change Management gave a presentation that covered the following points:
 - a) The 3 year strategic plan would be on the Board's agenda for the next meeting.
 - b) There had recently been two successful recent sprints. The first on Committee and Board processes and including representatives of both these bodies. The second between partner funds of Border to Coast.
 - c) There was to be a tailored training plan for each Member with a need to refresh training every three years for long standing Members.
 - d) The Pensions Team dashboard was being amended to show all areas and latest positions for each area.
2. A Member asked for more information on the sprint model work as he was intending on taking it to the Chairs and Vice Chairs of the select committees in the hope they would adopt the approach. The Head of Change Management explained that one area was the clarity of paper submissions and a number of guidelines had been proposed around links in documents and the use of Word tables needing to be accessible. There was an upcoming session arranged to explore how to implement and adopt those improvements. With regards to process, a 30 day cycle was being considered but with an aim of a 24 day cycle.
3. In response to a Member question on whether the Border to Coast sprint would be reported to the Committee the LGPS Senior Officer reported that this would feed into a wider strategic review that Border to Coast were conducting, about which the Committee had already has visibility and would continue to be updated on.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the update.

23/23 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 10 MARCH 2023 [Item 6]

Speakers:

Nick Harrison, Chairman of the Surrey Pension Fund Committee
Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

1. The Chair of the Pension Fund Committee reported that Responsible Investment took up a large part of the previous committee meeting and explained the training session had on real estate.
2. The LGPS Senior Officer highlighted several areas from the report:
 - a) That there was to be an in-depth review of cashflow
 - b) The next Committee meeting would consider the 3 year strategic plan and 1 year plans.

- c) There was a large body of work to be undertaken in putting the Responsible Investment Policy in place and that it needed to be fit for purpose.
 - d) Members were encouraged to attend the Border to Coast Conference on 28 and 29 September in Leeds.
 - e) The Committee had reviewed the hedging policy and were happy with 50%.
3. In response to a Member question the LGPS Senior Officer explained that our Responsible Investment Policy was broadly in line with Border to Coast's.
 4. A Member asked if the expected higher inflation rate had been factored in yet or if that was too early. The LGPS Senior Officer explained that inflation increases were included in actuarial assumptions, but that cashflow would also be reviewed annually. The Chairman of the Pension Fund Committee explained that the actuary was taking the long term view and we were also now taking some income from assets.

Actions/ further information to be provided:

That the LGPS Senior Officer will check if the training update provided by Border to Coast on the development of the Real Estate product offering within the asset pool was available for Members to view.

Recommendations:

The Board noted the report.

24/23 RISK REGISTER UPDATE 2022/23 QUARTER 4 [Item 7]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance introduced the risk register report and highlighted the three top risk areas detailed in the report:
 - Implementation of new financial systems
 - Skills / knowledge gaps
 - operational capacity
2. A Member asked whether there were any long term sickness trends showing up in the Surrey Fund. The Head of Accounting & Governance was not aware of any but would look.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

25/23 MY SURREY (UNIT 4) - PROGRAMME STATUS [Item 9]

Speakers:

Brendon Kavanagh – Programme Director
 Paul Titcomb, Head of Accounting & Governance
 Tom Lewis, Head of Service Delivery

Key points raised during the discussion:

1. The Programme Director presented the slides submitted with the report.
2. In response to Member detailed questions the Programme Director explained that:-
 - a) Detailed testing had taken place and a small number of issues were identified that were still open. External specialists had been taken on to strengthen the testing and the cycle so were confident that it would go live and issues dealt with.
 - b) The system was widely used globally and was robust.
 - c) Members were assured that investment managers were solvent and had been around for a long time. Procurement had been thorough.
3. The Chairman stated that Aggresso was widely used in district councils and asked if our processes were being changed to fit in with this. The Head of Accounting & Governance reported that the council had not been fully involved with testing but were involved now as part of the training and some processes will need to be changed and some had been amended.
4. The Head of Service Delivery explained that Unit 4 did not make payments directly as Altair was a stand-alone system. However, Unit 4 was made use of more on the accountancy side to ensure a smooth flow of information. He had been assured by the Unit 4 team that IConnect would go live on the go live date.
5. In response to Member detailed questions the Head of Accounting & Governance explained that:-
 - a) Investments – completely reconfigured information was being sought from Northern Trust that would be adapted to Unit 4
 - b) Reporting – finance reports would be the same but that had not been tested yet. The system was more configurable in relation to report writing so could be designed as we wish.
 - c) Bank system – Income system of Unit 4 looked to have a greater capability

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the progress made on the implementation of My Surrey (Unit 4)

26/23 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 JANUARY 2023 TO 31 MARCH 2023 [Item 8]

Speakers:

Tom Lewis, Head of Service Delivery

Key points raised during the discussion:

1. The Head of Service Delivery gave a precis of the submitted report and highlighted the following areas:
 - a) Performance figures
 - b) GMP – timings had been agreed with Mercer
 - c) McCloud – a number of employers were unable to provide the data requested and there were SAB guidelines on how to deal with this
 - d) Legacy case reduction – there was an 11,000 cases backlog. A two-year plan had been agreed and resources allocated. The two-year plan would be presented to the next Board meeting
 - e) Dashboard – the team continued to work on data cleansing and all was going well so far with the ABS work.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

27/23 INTERNAL AUDIT UPDATE [Item 11]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance introduced the summary of audits and their outcomes as presented in the submitted report. Banking controls audit which has received minimal assurance last year was due an update report that would come to a future meeting.
2. The Board discussed training for Members and how training done was recorded. Members requested that mandatory training be clearly identified. It was also requested that a comprehensive list of who had done what training be available to Board Members and for this to be discussed as a Part 2 item on a future agenda. The LGPS Senior Officer explained that a tailored individual plan was being done for each individual Member and they would each be contacted regarding this.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

28/23 2022 VALUATION [Item 12]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance reported that in line with the timetable the report had been signed off prior to 31 March 2023 and a full report of rates and adjustments would be reported to the next meeting of the Pension Fund Committee.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

29/23 THE PENSIONS REGULATOR - PUBLIC SERVICE GOVERNANCE & ADMINISTRATION SURVEY 2023 [Item 13]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

1. The Chairman introduced the submitted survey response to The Pension Regulator (tPR). The LGPS Senior Officer stated that he expected elements of this to be included in their single Code of Practice when it was launched.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

30/23 LGPS UPDATE (BACKGROUND PAPER) [Item 14]

Speakers:

Sandy Armstrong – Technical Manager
Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

1. A Member asked for further information regarding the expected Government consultations on LGPS investments. The LGPS Senior Officer stated that the consultations were still awaited. The Chairman of the Pension Fund Committee stated that the Board should take comfort in that Border to Coast was a well-regarded pool. He also stated that we had a considerable allocation to private market assets, an original aim of the Government in pooling.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

31/23 DATE OF THE NEXT MEETING [Item 15]

The next meeting is scheduled for Friday, 28 July 2023.

Meeting ended at: 12.32 pm

Chairman