

Notice of Meeting

Surrey Local Pension Board



Date & time	Place	Contact	Chief Executive
Friday, 19 May 2023 at 10.30 am	Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF	Angela Guest angela.guest@surreycc.gov.u k	Joanna Killian

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please contact Angela Guest at angela.guest@surreycc.gov.uk or Tel: 07929 724773 .

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Angela Guest at angela.guest@surreycc.gov.uk or Tel: 07929 724773.

Board Members

Tim Evans (Independent Chairman), David Lewis (Vice-Chairman) and Jeremy Webster Siobhan Kennedy (Surrey LGPS Members), William McKee (Surrey LGPS Members) Brendan Bradley (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: 17 MARCH 2023

(Pages 5
- 12)

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.

1. The deadline for Member's questions is 12.00pm four working days before the meeting (15/05/23).
2. The deadline for public questions is seven days before the meeting (12/05/23)
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 ACTION TRACKER AND FORWARD PLAN

(Pages
13 - 16)

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

6 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 10 MARCH 2023

(Pages
17 - 28)

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

7 RISK REGISTER UPDATE 2022/23 QUARTER 4

(Pages
29 - 42)

This report considers changes made to the risk register for the Surrey Pension Team in Quarter 4 of 2022/23. Risk scores in two areas have been modified this quarter – to reflect relative movements in the assessments.

8 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 (Pages
JANUARY 2023 TO 31 MARCH 2023 43 - 64)

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.

9 MY SURREY (UNIT 4) - PROGRAMME STATUS (Pages
65 - 76)

This report provides an update on the programme status of My Surrey (Unit 4) the new main accounting system.

10 CHANGE PROGRAMME UPDATE

There will be a verbal update on the latest position.

11 INTERNAL AUDIT UPDATE (Pages
77 - 90)

This report considers the progress made on agreed actions from the completed audits in the 2021/22 and 2022/23 Internal Audit Programmes.

12 2022 VALUATION (Pages
91 - 94)

This report provides an update to the 2022 triennial valuation being undertaken by the Fund actuary, Hymans Robertson.

13 THE PENSIONS REGULATOR - PUBLIC SERVICE GOVERNANCE & ADMINISTRATION SURVEY 2023 (Pages
95 - 108)

This report provides a summary of the response to The Pensions Regulator Public Service Governance and Administration Survey 2022/23.

14 LGPS UPDATE (BACKGROUND PAPER) (Pages
109 -
114)

This report considers recent developments in the LGPS.

15 DATE OF THE NEXT MEETING

The next meeting will be on Friday, 28 July 2023.

Joanna Killian
Chief Executive

Published: Thursday, 11 May 2023

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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Thank you for your co-operation

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MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.30 am on 17 February 2023 at Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 19 May 2023.

(* present)

Elected Members:

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

In attendance

Nick Harrison, Chair of Surrey Pension Fund Committee (online)

APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from David Lewis and Jeremy Webster.

2/23 MINUTES FROM THE PREVIOUS MEETING: 11 NOVEMBER 2022 [Item 2]

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

3/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

4/23 QUESTIONS AND PETITIONS [Item 4]

There were none.

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

Speakers:

Neil Mason, Assistant Director - LGPS Senior Officer

Key points raised during the discussion:

1. The LGPS Senior Officer gave a brief update and reported that:
 - a) Action A1/15 would be monitored as an ongoing action.
 - b) Action 44/22 – The consultation responses for the Responsible Investment consultation would be shared with the Pension Fund Committee on 10 March.
 - c) An additional item would be added to the Forward Plan for the next meeting regarding the recent survey from the Pensions Regulator.

Recommendations:

The Committee noted the tracker and forward plan.

6/23 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 16 DECEMBER 2022 [Item 6]**Speakers:**

Neil Mason, Assistant Director - LGPS Senior Officer
Nick Harrison, Chair of Surrey Pension Fund Committee

Key points raised during the discussion:

1. The LGPS Senior Officer highlighted three areas from the report:
 - a) That the Committee had noted the service backlog and that this was a priority across the whole team this year.
 - b) The Committee had approved the governance changes to Border to Coast subject to its approval by full Council on 21 March.
 - c) The Committee had asked the Board to consider inflation risk and interconnectivity with regards to cash flow. This would be included in reports later in the agenda.
2. The Chair of the Committee had nothing to further to add to the update.

Actions/ further information to be provided:

None.

Recommendations:

The Pension Board noted the report.

7/23 RISK REGISTER UPDATE 2022/23 QUARTER 3 [Item 7]**Speakers:**

Paul Titcomb, Head of Accounting and Governance
Neil Mason, Assistant Director - LGPS Senior Officer
Tom Lewis, Head of Service Delivery

Key points raised during the discussion:

1. The Head of Accounting and Governance highlighted three areas of the submitted report:
 - a) That the impact of inflation had been considered in three different areas of the risk register
 - b) There were no major changes to the scoring or commentary but there were areas where additional activity had taken place
 - c) The commentary on the top three risks had been updated.
2. A Member asked:
 - a) How Risk 16 (Unit 4) worked in terms of timescales.
The Head of Accounting and Governance explained that the Unit 4 rollout was this Summer and the Pension Team involvement was being managed by the Change Team. Testing was understood to be imminent. The LGPS Senior Officer suggested that representatives from the Unit 4 Project Team could be invited to the Board to respond to any concerns. Concerns would also be highlighted to the Pension Fund Committee and to the Unit 4 Project Team.

- b) What was the position on the Government's proposed changes of the re-valuation date calculation for high earners?
The LGPS Senior Officer responded that the Government consultation had actually reduced the administrative burden, but it continued to be a risk with the systems provider and whether changes could be made on time. The Head of Service Delivery explained that the End of Year (EOY) project team were aware of what was coming and preparing to make the necessary changes. The EOY plans would be shared with the Board and Committee.
3. A Member asked about Risk 8 and whether it was scored high enough considering the spike in gilt yields. The LGPS Senior Officer explained that the Fund's exposure to gilts was minimal and therefore the risk scored accordingly.

Actions/ further information to be provided:

1. Concerns regarding Unit 4 to be highlighted to the Pension Fund Committee and to the Unit 4 Project Team.
2. That the work of the Project Team be shared with the Board and the Committee.

Recommendations:

1. To note the content of the submitted report and risk register.
2. To recommend to the Surrey Pension Fund Committee to consider the concerns of the Board regarding Unit 4 and risk 10c.

**8/23 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1
OCTOBER 2022 TO 31 DECEMBER 2022 [Item 8]**

Speakers:

Tom Lewis, Head of Service Delivery
Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

- 1) The Head of Service Delivery gave a detailed overview of the submitted report covering the following areas:
 - Performance Reporting
 - Administration Team Update
 - Complaints
 - Internal Dispute Resolution Procedure (IDRP) and Pension Ombudsman Cases
 - Update on Log of Breaches (potential breaches)
 - Customer Relationship Team
 - Engagement and Education
 - Guaranteed Minimum Pension (GMP)
 - McCloud
 - Pension Dashboard
 - Pension Administration System Developments
- 2) The Chair sought assurance that resources were being given to dealing with the transfer issues. The Head of Service delivery confirmed that there

was a recent targeted effort by the Customer Relationship Team to ensure all correspondence that had been received in recent weeks was passed to the admin section to allow the necessary work to be carried out on these cases. It was also said analysis was being carried out on the service productivity levels and, the wider backlog, to address this as a top priority.

- 3) A Member queried the percentage figure given for employer contributions and whether this was high, low or average and whether this then caused an admin burden chasing for employer contributions. The LGPS Senior Officer explained that the paper the Member was referring to was an proposal on how the team would report going forward – the figures used were made up as an example. The Board agreed that the suggested dashboard used as an example was a good one. Officers welcomed any further comments or suggestions the Board may have to feedback to the Pension Fund Committee.
- 4) A Member asked about the net affect of the GMP delays. The Head of Service Delivery explained that whilst this work would be a year overdue the team had been ready to take it on and were in touch with providers about it. However, he was unable to say what the financial impact would be and therefore what the material impact was to the delays.
- 5) A Member asked about the net effect of the GMP delays. The Head of Service Delivery explained that whilst this work would be a year overdue the team had been ready to take it on and were in touch with the providers about re-planning to deliver this. However, he was unable to say what the financial impact would be and therefore what the material impact was to the delays.
- 6) The LGPS Senior Officer concluded the officer presentation of the report by stating that the Team were transparent and were confident that the KPIs were being measured correctly. He was also confident that the Team would have sight of the backlog and determine what work would be needed to be undertaken to address this. He explained the support for the various projects being undertaken and offered Members further information on the project timelines if they wished it.
- 7) The Chair thanked officers for their work and congratulated Tom Lewis on his promotion to Head of Service Delivery.

Actions/ further information to be provided:

None.

Recommendations:

The Board is asked to note the content of this report

9/23 CHANGE PROGRAMME UPDATE [Item 9]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

- 1) The LGPS Senior Officer gave a verbal update on the following:
 - a) Nicole Russell was now the permanent Head of Change Management and came with a wealth of experience.
 - b) The Team were in the process of establishing a three year plan to focus on key areas including customer insights.

- c) An analysis of the backlog was to be conducted across the teams and linked with productivity analysis.
- d) A workforce strategy would be completed.

Actions/ further information to be provided:

None.

Recommendations:

That the Board note the update.

10/23 INTERNAL AUDIT UPDATE [Item 10]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

- 1) The Head of Accounting & Governance gave a precis of the submitted report which considered the progress made on agreed actions on the completed audits in the 2021/22 Internal Audit Plan and the progress of audits (completed and work in progress) from the 2022/23 Internal Audit Programme. He highlighted that:
 - a) Some of the banking activities had been transferred and the team were allocating monies as they arrived.
 - b) The first three items of the 2022/23 plan were complete.
- 2) A Member queried the timing of the follow-up review in relation to banking controls and if an audit was undertaken now that there would still be a minimal assurance based on previous audit. The Head of Accounting and Governance stated that progress had been made on each of the recommendations of the initial audit and the follow up audit was due to be taken as soon as the external audit was finished.

Actions/ further information to be provided:

None.

Recommendations:

That the Board noted the report.

11/23 2021/22 EXTERNAL AUDIT UPDATE [Item 11]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

- 1) The Head of Accounting & Governance gave a precis of the submitted report and stated that there was no substantial change but there were a small number of items outstanding for sign off. There was no indication from the auditors that their opinion would change once all sign offs were complete. The LGPS Senior Officer explained that the team had had to

provide extremely detailed information in relation to audit queries and there was an unprecedented amount of scrutiny now required.

- 2) The Board recognised that the delayed audit opinion was a wider audit area of concern and that it would be preferable for the pension fund audit to be separate from the wider council audit, allowing for dedicated pension assurance.

Actions/ further information to be provided:

None.

Recommendations:

That the Board noted the status of the External Audit work.

12/23 2022 VALUATION [Item 12]

Speakers:

Paul Titcomb, Head of Accounting and Governance

Key points raised during the discussion:

- 1) The Head of Accounting and Governance reported that all the key activities were on track and the new Customer Relationship Team had been deployed for Employer engagement and would be the first point of contact going forward.

Actions/ further information to be provided:

None.

Recommendations:

- 1) That the Board note the progress made on the actuarial work during 2022/23.

13/23 TRAINING POLICY 2023/24 [Item 13]

Speakers:

Neil Mason, Assistant Director - LGPS Senior Officer

Key points raised during the discussion:

1. The LGPS Senior Officer highlighted a few areas of the submitted National Knowledge Assessment Report and training policy:-
 - a) That a Gap analysis was being undertaken
 - b) Surrey was mid-table on the scoring of all responding Pension Boards and Committees however, only 16 funds had completed the assessment.
 - c) Required training was highlighted within the report and the Fundamentals Training was recommended. This could be attended online.
 - d) The LGPS online academy programme was also commended and would take one year to complete.

Actions/ further information to be provided:

None.

Recommendations:

1. The Board noted the report and policy and recommended its approval to the Surrey Pension Fund Committee.
2. That all members of the Committee and Board should prioritise attendance at training events wherever practicable.
3. That this policy be reviewed on an annual basis.
4. That the 2023 Member Induction Handbook and the National Knowledge Assessment Report 2022 be noted.

14/23 COMMUNICATION POLICY STATEMENT 2023/24 [Item 14]

Speakers:

Neil Mason, Assistant Director - LGPS Senior Officer

Key points raised during the discussion:

The LGPS Senior Officer explained that there were no changes to this annual report from last year.

Actions/ further information to be provided:

None.

Recommendations:

1. The Board noted the policy and recommended its approval to the Pension Fund Committee.
2. That the Board continue to review this policy on an annual basis.

15/23 LGPS UPDATE (BACKGROUND PAPER) [Item 15]

Speakers:

Neil Mason, Assistant Director - LGPS Senior Officer

Key points raised during the discussion:

1. The LGPS Senior Officer reported on a couple of items that were not within the written update:
 - a) That the Royal Borough of Kensington and Chelsea were considering involvement in the London CIV and a decision had been deferred.
 - b) That BP and Shell's recent decision regarding the exploration of shale and fuel had caused concern.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

16/23 DATE OF THE NEXT MEETING [Item 16]

The Board noted that the next meeting was scheduled for Friday, 19 May 2023.

Meeting ended at: 12.05 pm

Chair

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 Governance Manager when training is completed.	Board Members	N/A	There are notifications of completed training outstanding, and the Board are asked to advise the Governance Manager once completed. The training log is regularly updated.	Ongoing
17 February 2023 7/23	Risk Register update 2022/23 Quarter 3	Concerns regarding the introduction of the new financial system My Surrey- Unit 4 to be highlighted to the Pension Fund Committee and to the Unit 4 Project Team	Pension Fund Committee Board Member	March 2023	Officers to work with My Surrey Unit 4 to obtain the necessary assurance and timelines. Invite to LPB, DB&I – My Surrey (unit4) to provide a programme status on 19 May 2023	Ongoing

COMPLETED (Will be deleted from tracker for next meeting)

Date of meeting and reference	Item	Recommendations/ Actions	To	By When	Response	Progress
11 November 2022 44/22	Investment Papers (part 2)	Circulation of Investment Papers to Board Members, including part two	Board Members	N/A	Governance Manager to share full agenda including part two with Local Pension Board	Complete
11 November 2022 44/22	Sight of RI Policy consultation responses	Investment & Stewardship Officer to arrange to share the RI consultation responses with Local Pension Board Members and Pension Fund Committee	Board Members	March 2023	<p>Gathered RI Consultation responses. Shared with RI subcommittee in Jan 2023 Developed standalone Responsible Investment Policy</p> <p>Responsible Investment Consultation- Analysis</p> <p>Responsible Investment Consultation Comments - Textbox Comments Surrey Pension Fund</p>	Complete

Surrey Local Pension Board: Forward Plan

Date	Standing items	New items to be confirmed
	<ol style="list-style-type: none"> 1. Pension Committee including Border to Coast update (Summary paper) 2. Risk Registers 3. Administration update and performance report: 4. Recent Developments in LGPS. 	<ol style="list-style-type: none"> 1. Policy review (dates TBC) 2. Update on compliance with the SAB Good Governance Report
17/02/2023	<ol style="list-style-type: none"> 1. Training Policy 2. Communications Policy 3. Internal Audit update 4. External 2021/22 Audit update 5. 2022 Valuation update 	
19/05/2023	<ol style="list-style-type: none"> 1. Change Programme Update 2. Valuation update 3. Internal audit update 4. TPR Public Service Governance and Administration Survey 2023 5. My Surrey (Unit 4) – Programme Status 	
28/07/2023	<ol style="list-style-type: none"> 1. Change Programme Update 2. Internal audit update 3. Annual report 4. Business continuity report Cyber security 	
10/11/2023	<ol style="list-style-type: none"> 1. Change Programme Update 2. Internal audit update 	

All items are subject to review and content, other items for the forward plan to be added and confirmed in line with the Business Plan.

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SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 19 MAY 2023**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF
10 MARCH 2023**SUMMARY OF ISSUE:**

This report provides the Local Pension Board (the Board) with a summary of the Surrey Pension Fund Committee (the Committee) meeting 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 Pension Fund Committee if appropriate.

REASON FOR RECOMMENDATIONS:

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Managers in securing compliance with the Local Government Pension Scheme (LGPS) Regulations and requirements imposed by the Pension 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 March 2023. This report provides a summary of this meeting and any decisions made.

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 on 17 February 2023 for noting by the Pension Fund Committee.

4. It was highlighted to the Committee several key points that the Board reviewed at the last meeting. This included the risk register, risk of inflation, cashflow and Administration issues including the quarterly performance. The Committee also noted the support of the Board for the new Communications and Training policies.
5. The Assistant Director drew the Committee's attention to Page 25 of the report, which explained that the Pension Team will be transitioning to a new financial system called My Surrey (Unit 4) from the Current system SAP. The Board voiced their concerns of not having sufficient visibility of plans in respect of the delivery of this complex project which has significant risks for the pension fund.
6. The Board requested a detailed update be brought to their next meeting. Officers are working with the My Surrey / Unit 4 project team and have provided a list of assurances required, before the go live date. The outcome of these meetings will be reported to the Board at its next meeting. My Surrey / Unit 4 representatives have also agreed to attend the next Board meeting to take questions.

Investment Manager Performance and Asset / Liabilities Update

7. The Committee noted the main findings of the report in relation to the Fund's valuation (£4.9bn) and funding level (124%), as of 30 September 2022.
8. The following points were highlighted:
 - a) The discount rate of 6.2 % with a fixed probability of 70% had driven the improved funding level which is now at 124%. The fund has increased the absolute level value this quarter and has outperformed its benchmark.
 - b) A member of the Committee asked whether inflation would have an effect on the cash flow position of the fund.
 - c) The Head of Investment and Stewardship replied that inflation forecasts are included in the actuary's assumptions. The 10.1% pension increase from April, based on last September CPI will be covered by distributions from income yielding assets in the portfolio.

Responsible Investment Update

9. After considering the consultation feedback the Committee agreed and noted the Responsible Investment (RI) policy. A change to recommendation number 2 was proposed and agreed such that the wording in the policy regarding engagement with consequences would be reviewed and would incorporate current investment exclusions.

10. The proposed wording is to ensure that the escalation process is clearer and to specify the categories of investments currently excluded from the portfolio. The draft wording is to be reviewed the RI subcommittee and then the proposed re wording of the RI policy to be brought back to the Pension Fund Committee for final approval.

Company Engagement & Voting

11. This report detailed Environmental Social and Governance (ESG) issues undertaken by LAPFF and Robeco through the quarter. Including Press release from Border to Coast regarding their engagement process.

External Audit update

12. The external audit is now reaching a conclusion. There have been significant delays across public sector audit not just pension funds. There have been high levels of scrutiny – particular of the valuation of illiquid (level 3) assets.

Valuation 2022 – update

13. The valuation key activities remain on track for year end. This quarter all the individual rate schedules have been circulated.

Business Plan 2023/24

14. Key focus areas of the 2023/24 Business Plan were presented to the Committee. These are as follows: -
 - a) Investment and Stewardship – delivery of the Responsible Investment Policy
 - b) Service Delivery – Backlog plan
 - c) Accounting and Governance – Transferring the Banking function which has identified backlog. Enhancing reporting and documentation.

Communication Policy

15. Following the ratification of the Communication policy by the Board, the Committee approved the policy.

Training Policy

16. Following the ratification of the Training policy by the Board, the Committee approved the Training policy.

LGPS Update (Background information)

17. It was highlighted to the Committee that the government have delayed the roll out of the Pensions Dashboards. Also the change to the CARE revaluation date.

Border to Coast Pensions Partnership Update

18. An update of current activity being undertaken by the Border to Coast Pensions Partnerships (BCPP) was presented to the Committee.
19. Board and Committee members are encouraged to attend the Border to Coast AGM Conference, which will take place on 28 & 29 September.

The Committee noted the followings points: -:

- a) The shareholder approval of the Border to Coast Strategic Plan 2023-26.
 - b) Details of the Border to Coast Strategic Review 2025-2030.
 - c) The completion of the restructuring of the Border to Coast Global Equity Alpha Fund and post trade report.
 - d) The schedule of activity of Border to Coast since the last Committee meeting of 16 December 2022 until the end of the calendar year.
20. The Committee were also provided with a summary of the work undertaken by officers of Border to Coast and Partner Funds in respect of understanding the next stage of strategic planning of the pool. Further updates will be provided to the Joint Committee and partner fund committees later in the year, in line with the reporting timetable.

Real Estate

21. The Committee were provided with the developing range of Real Estate funds that Border to Coast Partner Funds can invest in. The Committee noted the following: -
 - a) The previous delegation of authority to officers and the Chair to transition the Fund's Real estate asset allocation to Border to Coast, gained in September 2020, subject to necessary conditions being met.
 - b) The training update provided by Border to Coast on the development of the Real Estate product offering within the asset pool and the summary presented.

Investment Strategy Review, Currency Hedging

22. The Pension Fund is reviewing its Investment Strategy in parallel with the 2022 valuation, considering its investment core beliefs and consistent with the asset offerings of Border to Coast to ensure the Fund continues to comply with Government guidance on pooling.
23. The Fund's investment consultant produced a paper on the currency hedging policy and process, in which it was recommended that the current hedging policy continued to be appropriate.
24. The Committee noted the existing currency hedging policy and process and approved its continuation.

CONSULTATION:

25. The Chair of the Board has been consulted on this report.

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 on 28 July 2023.

Contact Officer:

Adele Seex – Governance Manager

Consulted:

Local Pension Board Chairman

Annexes: Summary of Board Meeting- Annexe 1

Sources/Background papers: None

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SURREY COUNTY COUNCIL

PENSION FUND COMMITTEE



DATE: 10 MARCH 2023

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

SUBJECT: SUMMARY OF THE LOCAL PENSION BOARD REPORT

SUMMARY OF ISSUE:

This report provides a summary of administration and governance issues reviewed by the Local Pension Board (the Board) at its last meeting (17 February 2023) for noting or actioning by the Pension Fund Committee (the Committee).

RECOMMENDATIONS

This report recommends that the Committee:

1. Notes the support of the Board for the following policies to be approved:
 - a) Communications Policy
 - b) Training Policy
2. Make recommendations to the Board if required.

REASONS 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 Committee with insight into the activities of the 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:

Risk Registers Update 2022/23 Quarter 3

1. The below commentary was highlighted to the Pension Board members on the areas in the risk register – December 2022 (Annexe 1). This reflects the request from the Committee at its December meeting for the Board to examine the Inflation risk and inter connectivity with cashflow.

The impact of inflation has been recognised

2. The impact of inflation is reflected in the risk register in several places:

Taken into account in actuarial assumptions	2.1	Risk 3A makes specific reference to inflation within the overall risk concerning actuarial assumptions. The market outlook using recent forecasts for inflation were used within the 2022 valuation work.
Impact on employers considered	2.2	A general risk (2C) has been articulated for employers in relation to affordability or cashflow issues – this could be for many reasons including inflationary pressures. Payments are monitored to ensure timely application of funds.
Cashflow implications reviewed	2.3	Risks 5A and 8A deal with potential cashflow issues – the first in relation to matching of assets and liabilities and the latter in connection with cashflows. Both of these address issues regarding investment that take account of inflation. A detailed review of cashflow by both Mercer and Hymans was presented to the Pension Fund Committee in late 2022. The fund recognises the potential issues and the possible need to pivot on investment types in future.

Changes planned to controls

3. No changes to have been made to risk articulation or scoring. The following enhancements are planned:

Risk ID	Area	Changes
2C	A&G Funding	Employer engagement commenced to address delay in receiving payment notification by March 2023. The objective is to improve timely application of funds to relevant employer accounts.
4A	Investment	Final sign off of Responsible Investment Policy by March 2023.
4B	Investment	Task Force on Climate-Related Financial Disclosure (TCFD) report published by Oct 2023 with increasing amounts of information.
6A	Investment	Dynamic asset allocation analysis. Q4 2022/3 review of fixed income exposure.
12A/ 12B	Service Delivery	Business Continuity plans and Cyber security approach for the Fund to be reviewed during Q4 of 2022/23 with a view to an audit review in 2023/24.
13G	Service Delivery	Technical team to engage with consultations on the proposed framework for Dashboard implementation by March 2023.
15B	A&G Governance	Knowledge assessment undertaken in Q2 of 2022/23 to inform 2023/24 training plans.

4. Commentary previously provided on the three risk areas in the risk register with the highest combined likelihood and impact scores has also been updated below.

Risk	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss	Skills / knowledge gaps lead to inefficiency and poor performance	Funding requirements higher due to actuarial assumptions materially different to experience
Risk ID	16	9	3
Score	20	16	16
Comment	The change from SAP to Unit 4 is still in the planning stage.	This risk manifested itself with the resignation of the Funding Manager in summer 2022.	Uncertainty in markets has led to some volatility and prospective headwinds.
Action	The Change team is coordinating efforts to understand the transition. Ongoing monitoring of implementation timescales.	Swift backfilling with temporary resource was undertaken. Recruitment for full-time replacement is complete. Organisational structure remains under review for resilience and succession planning.	Latest market outlook and Club Vita analysis used in valuation. Other implications of higher inflation modelled in relation to cashflow. In addition to using latest market outlook data, the Actuary has also undertaken sensitivity analysis to evaluate resilience of preliminary calculations.
Residual risk	Remains a significant risk pending experience of implementation.	Remains a risk – particularly in relation to knowledge no longer with the organisation. There have been consequential issues with e.g. progress of external audit process.	Actions address a degree of near term risk but uncertainty remains and will be monitored.

5. In respect of Risk 16 – Unit 4 a member of the Board highlighted the need for a project plan in terms of timescales for implementation Unit 4, and noted this as an area of concern.
6. The Accounting and Governance Manager provided a response explaining that the project was under the control of Surrey County Council and that a plan had not been sighted in terms of final implementation timescales. The Surrey Pension Team Change Management Team are working in conjunction with the Unit4 team.

7. The Board member would like to escalate the Board's concern to the Pension Fund Committee, and it was agreed that a request for an update on the project by individuals closer to the programme be provided to the Board in May.
8. A member of the board also highlighted the recently published consultation for the proposed changes to the LGPS CARE revaluation date and the risks involved in feeding back to the consultation and undertaking the proposed changes in the time available.

Administration Performance Report and Update

9. The Board were provided with an update on performance for the quarter 1 October 2022 to 31 December 2022. **Annexe 2**. Highlighting the performance level in this period which has fallen, an overall score of 80% has been achieved and specifically for The Pensions Regulator (tPR) work area this is 80%.
10. In response to the Board and Committees request, a comparative quarterly performance trend analysis was provided, **Annexe 3**.
11. In response to the committee's request, additional information has been supplied within **Annexe 4** that presents a summary of the most common categories of cases being terminated.
12. Reducing the backlog is a high priority for the Service Delivery team. A work plan to identify resource requirements and/or training needs is being compiled and will be presented to the Board.

GMP

13. The Board was advised by the Head of Service Delivery that we have experienced delays from our third-party provider Mercer. We now have received a revised plan and are on track for delivery by the summer.

McCloud

14. The Head of Service Delivery explained to the Board that the team have continued to liaise with employers who have not yet provided the necessary data. We currently have 113 returns out of the 127 expected. Initial findings have identified some employers will need to provide additional information.

Pension Dashboard

15. The Board members were made aware that plans were underway to cleanse the data in preparation of the expected go live date set for April 2025, with the eco-system connectivity dates set for September 2024.

Change Programme Update

16. The Board was provided with a verbal update from the Assistant Director – LGPS Officer. A permanent Head of Change Management, Nicole Russell, is now in post. The team are working on several key areas, that will be included in our strategic 3-year plan.

Progress of 2021/22 Internal Audit Plan

17. An update on Internal Audit activities was provided to the Board. This report provided an update on five completed internal audits. Officers are working through the findings. The planned programme for the year was reviewed.
18. The Board was also provided with a verbal update on the transfer out Administration review, which has been issued with a Reasonable Assurance rating, with two medium and one low recommendations.

2021/22 External Audit Update

19. Covered in separate report.

Valuation 2022

20. Covered in separate report.

Training Policy

21. The Board recommended approval of the Training Policy to the Pension Fund Committee (Committee) on 10 March 2023 (please see separate report).

Communications Policy

22. The Board recommended approval of the Communications Policy to the Pension Fund Committee (Committee) on 10 March 2023 (please see separate report).

CONSULTATION:

23. The Chairs of the Pension Fund Committee and the Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

25. The performance of administration and governance presents potential financial and value for money implications to the Pension Fund. The monitoring of these implications is addressed within the report.

DIRECTOR CORPORATE FINANCIAL & COMMERCIAL COMMENTARY

26. 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

27. 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

28. 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

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

WHAT HAPPENS NEXT

30. The following next steps are planned:

- a) The Committee will receive further reports and continue to work with the Board where necessary and appropriate.

Contact Officer:

Adele Seex, Governance Manager

Neil Mason, Assistant Director, LGPS Senior Officer

Annexes: Risk Register – December 2022- Annexe 1
Service Delivery Performance Report- Annexe 2
Quarterly performance trend analysis -Annexe 3
Terminated Case Summary - Annexe 4

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD

DATE: 19 MAY 2023

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

SUBJECT: Risk Register update 2022/23 Quarter 4



SUMMARY OF ISSUE:

This report considers changes made to the risk register for the Surrey Pension Team in Quarter 4 of 2022/23. Risk scores in two areas have been modified this quarter – to reflect relative movements in the assessments.

RECOMMENDATIONS:

The Board is recommended to:

1. **Note** the content of this report and the Risk Register (Annexe 1).
2. **Make** recommendations to the Pension Fund 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:

Risk scores have changed in two areas as follows:

1. Risk scores have been changed in the areas of actuarial assumptions (risk score reduction) and workload (risk score increase):

**Actuarial assumptions
risk score reduced**

1.1 Risk 3 is that funding requirements are higher due to actuarial assumptions materially different to experience. Likelihood and impact scores for this risk have been reduced to reflect the completion of the actuarial valuation work using up to date assumption sets.

**Work volume
risk score increased**

1.2 The likelihood and impact scores for risk 11 have been increased for this quarter. The risk is that work volume mismatch with operational capacity leads to backlogs. Backlogs across the whole service are receiving priority attention as part of the Strategic Business Plan for the Fund.

Top 3 risk areas commentary

2. Commentary is provided below on the three risk areas in the risk register with the highest combined likelihood and impact scores.

Risk	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss	Skills / knowledge gaps lead to inefficiency and poor performance	Work volume mismatch with operational capacity leading to backlogs
Risk ID	16	9	11
Score	20	16	16
Comment	The change from SAP to Unit 4 is programmed for June 2023	This risk remains with some single points of failure within the organisational structure.	Legacy issues have been highlighted as a result of recent improvement focus.
Action	The Change team is coordinating efforts to understand the transition. Ongoing monitoring of implementation timescales are underway.	Organisational structure remains under review for resilience and succession planning. This will be formalised in a workforce plan in summer 2023.	Backlogs across the whole service are receiving priority attention and identified for action in the Business Plan for 2023/24. Assessment of resource requirements for dealing with backlogs commenced – next steps underway.
Residual risk	Remains a significant risk pending experience of implementation.	Remains a risk – recommendations may arise from workforce plan.	Remains a risk pending progress on resolution of legacy issues.

Changes planned to controls

- The following enhancements are planned. Although risks 9, 11 and 16 are shown as individual service areas – these enhancements are planned for, or will engage with, the whole team.

Risk ID	Area	Changes
1	A&G Funding	Employer engagement with higher risk cohorts planned.
4	Investment	Final sign off of Responsible Investment Policy and Task Force on Climate-Related Financial Disclosure (TCFD) report to be published. Mercer to review net zero strategy.
6	Investment	Asset allocation analysis – review of fixed income exposure.
9	Service Delivery	Workforce plan considering resilience and succession planning in preparation.
11	Service Delivery	Backlogs across the whole service receiving priority attention as part of Strategic Business Plan for 2023/24. Assessment of resource requirements for dealing with backlogs underway.
12	Service Delivery	Business Continuity plans and Cyber security approach to be reviewed during 2023/24.
13	Service Delivery	Technical team to engage with consultations on proposed Dashboards framework.
15	A&G Governance	The knowledge assessment undertaken is informing 2023/24 training plans.
16	A&G Funding	Engagement is ongoing with Unit 4 leads – the Pension Change team has been deployed.

Background

- A quarterly assessment of the Pension risk register gives the Board the opportunity to influence and drive the risk management process.
- The risk management policy of the Surrey Pension Team 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.
- Risk areas have been assessed in terms of their 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 made of the likelihood of the risk.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF CORPORATE FINANCE COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

11. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

12. There are no equality or diversity issues.

OTHER IMPLICATIONS

13. There are no other implications.

WHAT HAPPENS NEXT

14. The risks will be regularly monitored and reporting to the Board will be undertaken. All risks in the risk register will be reviewed at least quarterly with the risk owners.

Contact Officers:

Siva Sanmugarajah
Paul Titcomb

Risk & Compliance Manager
Head of Accounting and Governance

Consulted:

Local Pension Board Chairman

Annexes:

- Risk Register (March 2023)

Sources/background papers:

- None.
-

LIKELIHOOD

5 Very Likely

4 Likely

3 Possible

2 Unlikely

1 Rare

				<p>9 Skills / knowledge gaps lead to inefficiency and poor performance</p> <p>11 Work volume mismatch with capacity leading to backlogs</p>	<p>16 Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss</p>
			<p>10 Data administration failure / fraud leads to data integrity issues</p> <p>3 Funding requirements higher due to actuarial assumptions materially different to experience</p>	<p>5 Investment strategy/implementation affects performance</p> <p>6 Investment returns impacted by mkt volatility/performance</p> <p>7 Investment returns impacted by 3rd party performance/default</p> <p>13 Impact from lack of regulatory/legal compliance</p> <p>14 Reputational issues due to inaccurate public domain info</p>	
			<p>2 Employers delay making payments</p>	<p>1 Employers unable/unwilling to make payments</p> <p>12 Business interruption/cyber security breach</p> <p>15 Internal protocols for governance not followed</p>	
	<p>8 Insufficient liquidity to meet obligations for rebalancing / payments</p>			<p>4 Investment performance impacted by insufficient attention to ESG</p>	

IMPACT

Minimal

Minor

Moderate

Major

Severe

1

2

3

4

5

Risk ID	Risk Title	Risk Owner	Risk with current mitigation controls in place		Overall Score
			Likelihood (1-5)	Impact (1-5)	
16	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss	A&G	4	5	20
9	Skills / knowledge gaps lead to inefficiency and poor performance	SD	4	4	16
11	Work volume mismatch with operational capacity leading to backlogs	SD	4	4	16
5	Investment strategy and proposed implementation materially affects investment performance	I&S	3	4	12
6	Investment returns impacted by market volatility/ performance	I&S	3	4	12
7	Investment returns impacted by third party or counter party performance/default	I&S	3	4	12
13	Scheme is financially or reputationally impacted by failure to adhere to (changes in) regulatory and legislative compliance requirements	SD	3	4	12
14	Reputational issues due to inaccurate public domain information (external stakeholder relationships / comms) or inefficient service	A&G	3	4	12
3	Funding requirements higher due to actuarial assumptions materially different to experience	A&G	3	3	9
10	Data administration failure / fraud leads to data integrity issues	SD	3	3	9
1	Employers unable/unwilling to make payments	A&G	2	4	8
12	Business interruption or cyber security breach leads to data integrity issues or financial loss	SD	2	4	8
15	Internal protocols for governance not followed	A&G	2	4	8
2	Employers delay making payments	A&G	2	3	6
4	Investment performance materially impacted by insufficient attention to ESG factors	I&S	1	4	4
8	Insufficient liquidity / lack of cash to meet obligations for collateral rebalancing / payments out	I&S	1	2	2



Key: A&G Accounting and Governance
 SD Service Delivery
 I&S Investment and Stewardship

Risk ID	Risk Title	Risk Area	Risk sub-ID	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
1	Employers unable/unwilling to make payments	A&G - Funding	1A	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.	Insufficient funding	A&G	2	4	8	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 2022 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	Enhanced engagement with employers close to exiting the fund or other higher risk cohorts - to take account of holistic risk position of fund as a whole	Oct-23
2	Employers delay making payments	Service Delivery	2A	Rise in ill health retirements	Impact on employer organisations leading to delay in payments	A&G	2	3	6	TREAT 1) Self-insurance implemented across the fund 2) Reactive reposition investment strategy if necessary		
		Service Delivery	2B	Rise in ill health retirements	Rise in self insurance costs impact employer organisations leading to delay in payments					TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations		
		A&G - Funding	2C	Employer issues with affordability and/or cashflow	Delay in payments					TREAT 1) Pension Team monitors covenant of employers 2) Engagement with employers on delay of receipt of payment notifications - with objective to improve timely application of funds to relevant employer accounts.		
3	Funding requirements higher due to actuarial assumptions materially different to experience	A&G - Funding	3A	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%	A&G	3	3	9	TOLERATE- 1) The discount rate used for the 2022 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.		
		A&G - Funding	3B	Members living longer	Adding one year to life expectancy would approximately increase the liability by 3-5%.					TOLERATE- 1) The Fund Actuary uses long term longevity projections in the actuarial valuation process. 2) SCC has joined Club Vita, which allows monitoring of mortality rates that are employer and postcode specific.		
		A&G - Funding	3C	Pay increases are significantly more than anticipated for employers within the Fund.	Pension liability increases					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 actuaries 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.		
		A&G - Funding	3D	Actuarial work determines the need for increases to employer contributions	Employers need to pay additional funds into the scheme					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.		
		A&G - Funding	3E	Future member population and/or demographic changes as a result of government policy	Employers need to pay additional funds into the scheme					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.		
		A&G - Funding	3F	HM Treasury and Scheme Advisory Board cost management process has an implied increase in employer contributions.	Employers need to pay additional funds into the scheme					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.		

Risk ID	Risk Title	Risk Area	Risk sub-ID	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
4	Investment performance materially impacted by insufficient attention to ESG factors	Investment	4A	Insufficient attention to environmental, social and governance (ESG) factors	Insufficient attention leads to underperformance and reputational damage.	I&S	1	4	4	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 lobbying groups.	Final sign off of Responsible Investment Policy. Mercer to review net zero strategy.	Oct-23
		Investment	4B	Stranded assets, regulatory fines, failing to adapt to a low carbon economy, in light of IPCC's 2021 report on Climate Change.	Detrimental impact on value of Fund's investments.					TREAT- 1) Ensure fund managers are encouraged to engage and to follow the requirements of the BCPP Responsible Investment Policy, more specifically its Climate Change Engagement Policy. 2) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and all assets held within BCPP are monitored by Robeco, this facilitates engagement with companies who operate in carbon intensive industries. 3) The Fund is also part of the BCPP Climate Change Working Group. 4) Continued review of carbon exposure within current portfolio; all global indexed assets now held in the LGIM Future World Index. 5) Fund reviewing a responsible investment approach, assisted by a dedicated Responsible Investment sub-committee.	Task Force on Climate-Related Financial Disclosure (TCFD) report published each year with increasing amounts of information. New standalone responsible investment policy. Mercer to review net zero strategy.	Oct-23
5	Investment strategy and proposed implementation materially affects investment performance	Investment	5A	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	Investment returns not at expected level for the risk appetite	I&S	3	4	12	TREAT- 1) Active investment strategy and asset allocation monitoring from Committee officers and consultants. 2) Investment strategy reviewed in 2022/3 in light of 2022 valuation 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.		
		Investment	5B	Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within time scales.	Investment returns not at expected level for the risk appetite					TREAT / TOLERATE 1) Officers consult and engage with DHULC, LGPS Advisory Board, BCPP OOG, consultants, peers, seminars, conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Participation in Cross Pool Collaboration Groups. 4) Recent government guidance continues to endorse pooling.		
		Investment	5C	That the Border to Coast Pensions Partnership disbands or the partnership fails to produce a proposal deemed sufficiently ambitious.	Investment returns not at expected level for the risk appetite					TOLERATE- 1) Partners for the pool were chosen based upon the perceived expertise and like-mindedness of the officers and members involved with the fund to ensure compliance with the pooling requirements. 2) Ensure that ongoing fund and pool proposals are comprehensive and meet government objectives. 3) Engage with advisors throughout the process.		

Risk ID	Risk Title	Risk Area	Risk sub-ID	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
6	Investment returns impacted by market volatility/ performance	Investment	6A	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.	Investment returns materially impacted	I&S	3	4	12	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 accompanied the 2022 actuarial valuation.	Dynamic asset allocation analysis. Diversification of investments. Q1 2023/24 review of fixed income exposure.	Oct-23
		Investment	6B	Investment markets fail to perform in line with expectations	Investment returns impacted leading to deterioration in funding levels and increased contribution requirements from employers.					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.		
7	Investment returns impacted by third party or counter party performance/default	Investment	7A	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	I&S	3	4	12	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.		
		Investment	7B	Financial loss of cash investments from fraudulent activity.	Investment returns not at expected level					TREAT / TOLERATE - 1) Policies and procedures are in place which are regularly reviewed to ensure risk of 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.		
		Investment	7C	Financial failure of a fund manager	Increased costs and service impairment.					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.		
		Investment	7D	Counterparty poor performance or default	Loss of investment return					TOLERATE - 1) Lending limits with approved banks and other counterparties are set at prudent levels 2) The pension fund treasury management strategy is based on that of SCC.		
		Investment	7E	Poor performance or financial failure of third party supplier	Service impairment and financial loss.					TOLERATE- 1) Performance of third parties (other than fund managers) monitored. 2) Regular meetings and conversations with Northern Trust take place. 3) Actuarial work and investment work are provided by two different consultancies.		

Risk ID	Risk Title	Risk Area	Risk sub-ID	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
8	Insufficient liquidity / lack of cash to meet obligations for collateral rebalancing / payments out	Investment	8A	Inaccurate cash flow forecasts or drawdown payments	Shortfalls on cash levels and borrowing becomes necessary to ensure that funds are available.	I&S	1	2	2	TOLERATE / TREAT- 1) Borrowing limits with banks and other counterparties are set at levels that are more than adequate should cash be required at short notice. 2) Cashflow analysis of pension fund undertaken quarterly. 3) Comply with the Pension Fund Cash Management Strategy. 4) Annual Cash flow analysis on ongoing basis.		
9	Skills / knowledge gaps lead to inefficiency and poor performance	Service Delivery	9A	Lack of capability of the admin system	Inefficiency and disruption.	SD	4	4	16	TREAT/TOLERATE 1) Ensure system efficiency is included in the annual improvement review. 2) Monitor system review and provide extra resource where business case supports it.		
		Service Delivery	9B	Gaps in skills and knowledge due to key person/single point of failure and different skill requirements.	Inefficiency and poor performance.					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.		
		Service Delivery	9C	Lack of productivity	Impaired performance.					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		
		Service Delivery	9D	Concentration of knowledge in small number of officers and risk of departure of key staff.	Poor performance and disruption					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 and Local Pension Board will be mindful of the proposed CIPFA Knowledge and Skills Framework and appropriate tPR Codes of Conduct when setting objectives and establishing training needs. 4) Skills Matrices completed by all staff and standardised Personal Development Plans being introduced.	Workforce plan considering resilience and succession planning in preparation	Oct-23
10	Data administration failure / fraud leads to data integrity issues	Service Delivery	10A	Incorrect data due to employer error, user error or historic error.	Service disruption, inefficiency and conservative actuarial assumptions.	SD	3	3	9	TREAT 1) Update and enforce admin strategy to assure employer reporting compliance 2) Pension Fund team, Pension Fund Committee and Local Board members are able to interrogate data to ensure accuracy.		
		Service Delivery	10B	Poor reconciliation process	Incorrect contributions.					TREAT 1) Ensure reconciliation process notes are understood by Pension team 2) Ensure that the Pension 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.		
		Service Delivery	10C	Unit 4 - Payments made manually outside of monthly payroll has been integrated (SAP & Altair) since Jan 2021 with SCC's banking processes to offer sound financial controls. However, SCC's ERP system is due to change to Unit 4 in 2022-23 and hence the integration between Unit 4 and Altair for monthly and daily payments need to be developed.	Process errors leading to incorrect contributions or benefits					TREAT Integration between Unit 4 and Altair for monthly and daily payments needs to be developed.		

Risk ID	Risk Title	Risk Area	Risk sub-ID	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
11	Work volume mismatch with operational capacity leading to backlogs	Service Delivery	11A	Processes do not all have a standardised approach	This could lead to inefficiencies	SD	4	4	16	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.		
		Service Delivery	11B	Failure to follow up on outstanding issues	Inefficiency and damaged reputation.					TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy		
		Service Delivery	11C	Backlog cases in the administration system are not dealt with in a timely manner and require careful management to see a reduction moving forward.	Inefficiency and poor performance.					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.	Backlogs across the whole service receiving priority attention as part of Business Plan for 2023/24 Assessment of resource requirements for dealing with backlogs underway	Oct-23
12	Business interruption or cyber security breach leads to data integrity issues or financial loss	Service Delivery	12A	Inability to respond to a significant event	Prolonged service disruption and damage to reputation.	SD	2	4	8	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.	Business Continuity plans and Cyber security approach to be reviewed during 2023/24	Oct-23
		Service Delivery	12B	Failure to implement proper cyber security policies.	Prolonged service disruption and damage to reputation.					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.	Business Continuity plans and Cyber security approach to be reviewed during 2023/24	Oct-23
		Service Delivery	12C	Failure to hold personal data securely.	Personal financial impact and damage to reputation.					TREAT- 1) Data encryption technology is in place, which allow secure the sending of data to external service providers. 2) Phasing out of holding records via paper files. 3) Any hardcopy pension admin records are locked daily in a secure place. 4) SCC IT data security policy adhered to. 5) SCC carries out Security Risk Assessments. 6) Custodian proactively and reactively identifies and responds to cyber threats.		

Pension Team Risk Register

March 2023

Risk ID	Risk Title	Risk Area	Risk sub-ID	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
13	Scheme is financially or reputationally impacted by failure to adhere to (changes in) regulatory and legislative compliance requirements	Service Delivery	13A	Non-compliance with regulation changes relating to the pension scheme or data protection	Fines, penalties and damage to reputation.	SD	3	4	12	TREAT 1) There are 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.		
		Service Delivery	13B	Failure to identify GMP liability	Data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund					TREAT 1) GMP to be closely monitored by the management board. 2) Stage 1 reconciliation reviews have been completed. 3) Mercer have been appointed to carry out an interim stage 2 review 4) GMP Reconciliation project is being progressed by Mercer (formerly JLT). 5) Separate updates being issued.		
		Service Delivery	13C	Additional resources required to deal with consequences of McCloud judgement	Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund					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.		
		A&G - Funding	13D	Additional resources required to deal with consequences of McCloud judgement; additional costs required to pay higher benefits	Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund; possible impact on employers with additional contributions required					TOLERATE / TREAT - 1) Depending on DLUCH'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.		
		A&G - Technical	13E	Failure to comply with changes in LGPS regulations	Incorrect benefits and ongoing costs for the pension fund; possible impact on employers with additional contributions required					TREAT / TOLERATE- 1) Impact on contributions and cashflows will be considered during the 2022 valuation process. 2) Fund will respond to consultations and statutory guidance. 3) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored.		
		A&G - Governance	13F	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund					TREAT- 1) Publication of relevant documents on external website. 2) Managers monitored on their compliance with ISS and IMA. 3) Pension fund committee and Local Pension Board self-assessment to ensure awareness of all relevant documents. 4) Annual audit review. 5) Pension team reorganisation has provided additional resource in this area.		
		Service Delivery	13G	Additional resources required to deal with consequences of Dashboard implementation	Backlog of processes; data or calculation errors leading to incorrect benefits disclosed; system interfaces inoperative or introducing errors					TOLERATE/TREAT 1) The Pension Fund Team can allocate additional funds / resources to mitigate the impact and avoid processing issues or reputational damage.	Technical team to engage with consultations on proposed framework	Mar-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
14	Reputational issues due to inaccurate public domain information (external stakeholder relationships / comms) or inefficient service	A&G - Comms	14A	Inaccurate information in public domain	Damage to reputation and loss of confidence.	A&G	3	4	12	TREAT- 1) Ensure that all requests for information (Freedom of Information, Member & Public questions at Council, etc) are managed appropriately and that Part 2 items remain so. 2) Maintain constructive relationships with employing bodies to ensure that communication is well managed. 3) Update website information as and when required and at least quarterly.		
		Service Delivery	14B	Poor data processing, manipulation and transfer	Incorrect contributions or benefits					TREAT - 1) Improve metrics to better measure performance and monitor the pension administration service.		
15	Internal protocols for governance not followed	A&G - Governance	15A	Failure to take difficult decisions inhibits effective Fund management.	Inefficiency and poor performance.	A&G	2	4	8	TREAT- 1) Ensure activity analysis encourages decision making on objective empirical evidence. 2) Ensure that basis of decision making is grounded in ISS/FSS/Governance statement/Responsible investment policy and that appropriate advice is sought. 3) Ensure the Governance Matrix is made visible to all stakeholders in the pension team enabling clear identification of roles and responsibilities.		
		A&G - Governance	15B	Change in membership of Pension Fund Committee or Local Pension Board leads to dilution of member knowledge and understanding.	Inefficiency and poor performance.					TREAT 1) Ongoing training of Pension Fund Committee and Local Pensions Board members. 2) Pension Fund Committee and Local Pensions Board new member induction programme. 3) Enhance the training for the new and existing Pension Fund Committee and Local Board members. As each bodies members are new to their respective roles.	Knowledge assessment undertaken to inform 2023/24 training plans	Mar-24
		A&G - Governance	15C	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.	Damage to reputation and loss of confidence.					TOLERATE - 1) Ensure that an cooperative, effective and transparent dialogue exists between the pension committee and local pension board. 2) Officers to carry out annual measurement against TPR code of conduct.		
		A&G - Governance	15D	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	Damage to reputation and financial loss					TREAT / TOLERATE - 1) Ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process. 2) Use the National LGPS or other established procurement frameworks.		
16	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss	A&G - Funding	16A	Insufficient opportunity for detailed testing of new systems leads to need for additional resources and/or remediation. Inadequate system configuration results in workarounds, delayed processing and/or data integrity issues.	Prolonged financial service disruption, lack of visibility of transactions and financial loss.	A&G	4	5	20	TREAT 1) Testing of new system to the extent possible. 2) Ensure resources available at cutover. 3) Ensure data has migrated correctly and remains accurate. 4) Reconciliation of opening position. 5) Monitoring of use/capability of new system. 6) Communication with stakeholders with respect to potential issues.	Engagement with Unit4 leads - Change team deployed	Sep-23

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SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE: 19 MAY 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: ADMINISTRATION PERFORMANCE REPORT AND UPDATE
1 JANUARY 2023 TO 31 MARCH 2023****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 Pension Team 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 Team 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>Regulations enacting this remediation work are not expected until October 2023.</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 the Surrey Pension Team to work with the HMRC to analyse data held on our system Altair and the data held by HMRC, with a view to full rectification by the end of 2023.</p> <p>This work will not only ensure that the fund has accurate member liabilities, but 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 are awaiting further information as to the rectification costs.</p>

Performance Reporting

3. The performance levels in this period have achieved an overall score of 89% and specifically for the tPR work areas this is 92%.
4. Performance has increased overall during this quarter. The survivor pension and ill health (initial) cases have fallen short of the expected levels due to the team operating with one vacancy.
5. **Annexe 1** provides an update on performance for this quarter, along with commentary explaining our performance and any challenges faced in meeting our SLAs. In addition, a comparative quarterly performance trend analysis

has been provided in response to the Board and Committee request in **Annexe 2**.

6. Additional information has also been supplied within **Annexe 3** that presents a summary of the most common categories of cases being terminated.

Complaints

7. During this period there were 15 complaints received. Details of these complaints can be found at **Annexe 4**.

Internal Dispute Resolution Procedure (IDRP) and Pension Ombudsman Cases

8. Stage 1 appeals determined:

An employee appealed the refusal of an ill health pension. The adjudicator determined the medical opinion received was not sufficiently comprehensive and referred the application back for further medical opinion and reconsideration.

9. Stage 2 appeals determined:

There were no stage 2 appeals in this period.

10. Pension Ombudsman appeals

One case has been referred, with a member appealing the tier of ill health pension awarded.

Update on Log of Breaches (potential breaches)

11. There are no breaches to report this period.

Customer Relationship Team

In quarter 4 the CRT handled a total of 12,201 enquiries. An average of 86% of all enquiries were resolved at the first point of contact. The queries handled by the CRT over this period are categorised as follows:

Communication Channel	Volume
Call backs	182
Email	6209
Telephone	5810
Total	12,201

12. A breakdown of the top 5 queries for the quarter can be found at **Annexe 5**.

Engagement and Education

13. **Annexe 6** includes a summary of works carried out by the team.
14. The links below are the most recent newsletters sent during this quarter.

15. For future board reports the Engagement and Education updates will be included within the Change Management section of this report.

Guaranteed Minimum Pension (GMP)

16. Revised plans have been issued by Mercer and these are being reviewed to agree timings and resources. The aim will be to provide key milestones of this plan in the next quarterly report.

Pensions Increase

17. The pension increase has been successfully applied to pensioner benefits in line with the CPI rate of 10.1%.
18. Correspondence has been issued advising members of their increase alongside their payslip for April 2023.

McCloud

19. Work continues to obtain all the necessary information from our scheme employers and currently 113 returns out of 127 expected returns have been received from employers/payroll providers. This is no change from the previous quarter.
20. The team will continue to liaise with employers to obtain these returns and support employers who have not yet provided the necessary data. For those who are unable to or do not hold the necessary data, SAB guidance has been issued on how to deal with these and it will be factored into the remediation plans.
21. Work continues with a third-party data specialist who are carrying out analysis of employer returns. Some employers will need to provide additional information in order for this analysis to be carried out and, support will continue to obtain this data.

Pension Dashboard

22. Whilst recent announcements have intimated a delay to go live for Pension Dashboard, work continues on rectifying data discrepancies that will support the initial connectivity. Ensuring the accuracy of basic member details such as title, name, date of birth, national insurance number will allow for a successful member match between the database and the dashboard.
23. The scope of data cleansing will expand in due course. This will be done in conjunction with our system supplier who are developing reports and tools that will support dashboard readiness.

Legacy Case Reduction

24. Analysis has been carried out to identify the volume of casework in scope as backlog. Part of this discovery work is exploring the options available to drive down the legacy cases in line with the service's key focus over the next 12 months.
25. As part of this analysis, benchmarking has been carried out to further understand the full picture of backlogs and how we stand with other comparable LGPS funds.
26. Once the complete works have been carried out and a service wide approach has been established, full planning can be undertaken that will allow the works to be carried out over the coming months.

Pension Administration System Developments

27. In collaboration with our system supplier, work continues with the program of to deliver a number of improvements to the system that will support the day-to-day operations. These include:
 - i. Retirement process review
 - ii. Transfer In process review
 - iii. Automated payroll arrears processing
 - iv. Multiple payroll module
 - v. Address look up facility
 - vi. Bank account verification

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

31. 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

32. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

33. There are no equality or diversity issues.

OTHER IMPLICATIONS

34. There are no other implications.

WHAT HAPPENS NEXT

35. The following next steps are planned:

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

Contact Officers:

Tom Lewis – Head of Service Delivery

Consulted:

Local Pension Board Chairman

Annexes:

Annexe 1 – Performance Summary

Annexe 2 – Performance Trend Analysis

Annexe 3 – Terminated Case Summary

Annexe 4 – Complaints Summary

Annexe 5 – CRT Top 5 Query Summary

Annexe 6 – Engagement & Education Work Summary

Q4: Jan - Mar 2023

Case Type	Performance standard	Tolerable performance	A % completed within SLA	B Case opening balance	C New cases received	D Cases completed	F Closing balance	E Terminated Cases	G Future Workload (days)
DEATH NOTIFICATION (tPR)	5 working days	90%	89%	42	298	295	6	46	1
SURVIVOR'S PENSIONS (tPR)	10 working days	90%	79%	23	111	92	15	33	10
DEATH BENEFITS PAYABLE (tPR)	10 working days	90%	91%	17	84	68	27	4	24
BALANCE OF PAYMENTS (tPR)	10 working days	90%	94%	54	324	297	69	1	14
RETIREMENT (COMPLETE) (tPR)	15 working days	85%	91%	266	456	399	264	51	40
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	15 working days	90%	100%	1	20	15	6	-	24
REFUNDS (tPR)	20 working days	80%	98%	239	1,046	1,066	132	213	7
RETIREMENT (INITIAL NOTIFICATION)	15 working days	80%	85%	237	838	612	343	239	34
ILL HEALTH RETIREMENT (INITIAL)	15 working days	90%	75%	15	18	18	7	5	23
DEFERRED STATUS	2 months	80%	88%	4,003	1,430	1,209	3,888	522	193
EMPLOYER ESTIMATE	10 working days	80%	89%	16	84	68	18	21	16
LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	85%	667	522	425	573	285	81
NON-LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	97%	146	39	38	136	25	215
LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	93%	200	300	314	126	97	24
NON-LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	90%	80	67	66	68	28	62
LGPS TRANSFER IN (ACTUAL)	20 working days	80%	85%	420	785	531	528	95	60
NON-LGPS TRANSFER IN (ACTUAL)	20 working days	80%	92%	42	52	36	54	8	90
LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	84%	108	250	186	111	33	36
NON-LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	83%	17	20	19	13	16	41
NEW STARTER	30 working days	80%			1577	1577			
TOTAL OPEN CASES			89%	6,593	8,321	7,331	6,384	1,722	

Summary

Overall performance at 89% and 92% for tPR cases, an increase of 9% and 6% respectively.

Targets not met for 2 areas due to this team area carrying a vacancy. Posiiton has been filled and start date is in July 2023.

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Performance Trend Analysis

Case Type	KPI Performance Comparison				Future Workload Time Comparison			
	Q1 % completed within SLA	Q2 % completed within SLA	Q3 % completed within SLA	Q4 % completed within SLA	Q1 Future Workload	Q2 Future Workload	Q3 Future Workload	Q4 Future Workload
DEATH NOTIFICATION (tPR)	98%	82%	93%	89%	8 days	6 days	4 days	1 day
SURVIVOR'S PENSIONS (tPR)	91%	90%	78%	79%	8 days	18 days	20 days	10 days
DEATH BENEFITS PAYABLE (tPR)	92%	86%	79%	91%	15 days	16 days	16 days	24 days
BALANCE OF PAYMENTS (tPR)	94%	93%	88%	94%	8 days	9 days	19 days	14 days
RETIREMENT (COMPLETE) (tPR)	90%	76%	89%	91%	44 days	36 days	37 days	40 days
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	100%	70%	83%	100%	7 days	13 days	10 days	24 days
REFUNDS (tPR)	95%	97%	93%	98%	12 days	31 days	13 days	7 days
RETIREMENT (INITIAL NOTIFICATION)	94%	87%	86%	85%	25 days	20 days	23 days	33 days
ILL HEALTH RETIREMENT (INITIAL)	100%	86%	95%	75%	53 days	39 days	69 days	23 days
DEFERRED STATUS	89%	89%	86%	88%	9 months	11 months	11 months	10 months
EMPLOYER ESTIMATE	89%	78%	68%	89%	45 days	12 days	16 days	16 days
LGPS TRANSFER IN (ESTIMATE)	83%	92%	84%	85%	56 days	70 days	113 days	81 days
NON-LGPS TRANSFER IN (ESTIMATE)	71%	73%	68%	97%	280 days	234 days	286 days	215 days
LGPS TRANSFER OUT (ESTIMATE)	87%	94%	99%	93%	32 days	20 days	76 days	24 days
NON-LGPS TRANSFER OUT (ESTIMATE)	91%	86%	83%	90%	82 days	77 days	89 days	62 days
LGPS TRANSFER IN (ACTUAL)	75%	80%	76%	85%	52 days	48 days	70 days	60 days
NON-LGPS TRANSFER IN (ACTUAL)	87%	84%	65%	92%	70 days	66 days	81 days	60 days
LGPS TRANSFER OUT (ACTUAL)	88%	90%	75%	84%	26 days	33 days	76 days	36 days
NON-LGPS TRANSFER OUT (ACTUAL)	86%	93%	29%	83%	72 days	88 days	88 days	41 days
Average Score	89%	86%	80%	89%				

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Terminated Case Overview

This is a summary of where cases have been closed (not completed) during this quarter. The below tables includes categories where 50 or more case types have been terminated in this period.

KPI Category	Case Numbers
Deferred Status	522
LGPS Transfer In (Estimate)	285
Refunds	213
LGPS Transfer Out (Estimate)	97
LGPS Transfer In (Actual)	95
Concurrent Service	90
Retirement (Initial Notification)	67

The information below provides further information as to the common causes for why cases are terminated.

Categorisation change on review

Most commonly due to the member requiring an aggregation, concurrent or a transfer (or vice versa) rather than initial set-up as Deferred or Refund.

This is the same for concurrent cases, whereby the record may actually require deferring or a transfer.

Categorisation change on transition from estimate to actual

Most common cause is due to the receipt of correspondence from a member or employer and, is then set up in the system as an estimate, whereby it is actually ready to be processed as an actual (or vice versa).

Other causes are whereby a member has returned their forms to the incorrect authority. The case is then closed, and the member is notified.

Categorisation change on requirement for processing

Noted as Retirement Notifications – most commonly due to the member actually requiring an estimate at this stage.

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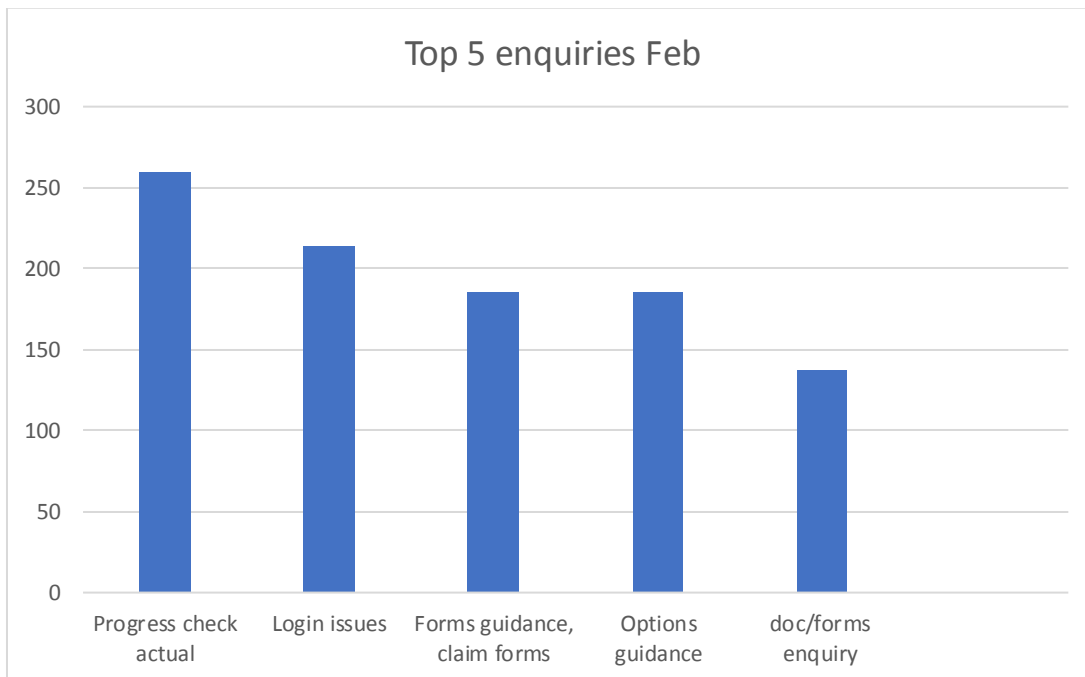
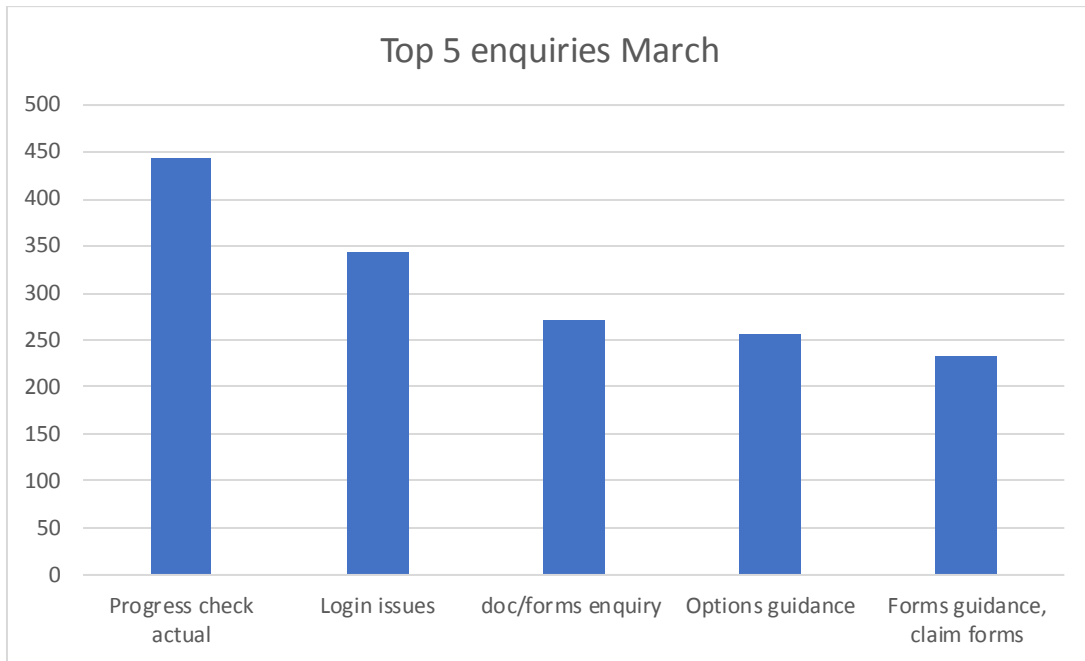
Annex – Complaints from January to March 2023			
Case number	Date Received	Root Cause	Details of Complaint
SUR847378	17/12/2022 (recorded in Jan 2023)	Not SCC	The member experienced a delay in receiving his pension claim form. This was sent by post and impacted by the postal strike. An apology was given to the member at the point of contacting the service. Complaint not justified.
SUR251188	20/12/2022 (recorded in Jan 2023)	Administrative Error and Poor Communication	A delay in sending retirement quote and AVC options caused as the employer paid AVC into Surrey Pension Fund, rather than to Prudential. Team tried to resolve the matter with the employer, but the lack of response delayed matters. Member was not kept fully informed of the issue causing further delays by Surrey Pension Team. Apology issued with an explanation. Retirement and AVC quote now issued, with financial loss calculation requested from Prudential. Complaint justified
SUR097769	03/01/2023	Service Quality / Delivery	Complaint raised in respect of P45 data submitted to HMRC following death of a member. The Executor complained that a delay in processing an overpayment meant data was submitted to HMRC late. However, with the Dec payroll having closed early and before the payment was made, it meant there was not a late submission of data to HMRC. A response with apology for delay and an explanation of the circumstances issued to executor. Complaint partially justified.
SUR846115	07/01/2023	Administrative Error	The member raised a complaint related to the delay in receiving a refund payment. It was evident the member experienced long delays (approximately 4 months) due to information not being provided by employer's payroll. Discharge information received from payroll department on 30 th December 2022 and a letter regarding the refund issued on 9 th January 2023. Situation explained to member about delays and given assurance the refund form once returned would be prioritised. Complaint justified but out of Pension Team control
SUR503148	09/01/2023	Administrative Error	Member made a complaint in relation to transfer of pension from NHS to Surrey and subsequent transfer of Surrey to NHS. The member had to contact the service on several occasions for a progress check. Confusion was experienced due to how the payment was made, with the payment issued in 2 separate transactions but this was not communicated, causing a delay when locating the payment. Member record updated accordingly, and final information issued to finalise the transfer. Compliant justified.

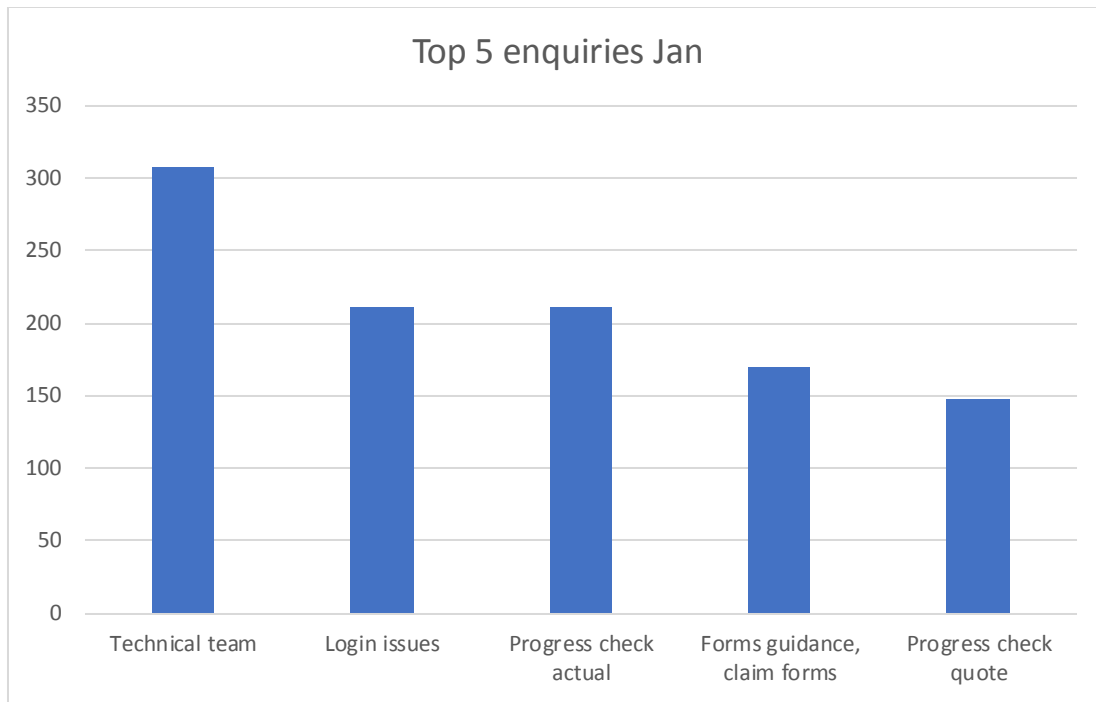
SUR658968	09/01/2023	Poor Communication and Service Quality / Delivery	<p>Member raised a complaint over the delay in receiving a pension quote after leaving employment on 31/08/2022.</p> <p>Pensions issued with 2 sets of pay data from payroll provider which required combining for pension calculation purposes. Surrey Pensions were not able to combine the records as it required access to payroll records to do this accurately. Requested made to payroll provider but long delay in response being received.</p> <p>Also, the member stated they did not receive call back from pensions team after contacting Customer Relationship Team. Apology issued.</p> <p>Complaint partially justified.</p>
SUR502910	20/01/2023	Service Quality / Delivery	<p>Member elected for maximum tax-free cash from LGPS and AVC. The AVC payment was required before the LGPS benefits could be paid. Prudential stating they had not received forms sent to them via their own secure message system and this caused delays in making payment.</p> <p>Complaint justified but out of Surrey Pensions control.</p>
SUR502278	31/01/2023	Administrative Error and Poor Communication	<p>Member complained about a transfer into Surrey Pension Fund. Member contacted CRT outside of initial 12-month timeframe for a transfer in and was instructed on how to progress transfer, rather than being advised they were not eligible to transfer. Complained about miscommunication and apology was issued.</p> <p>Complaint justified.</p>
SUR044987	01/02/2023	Procedure	<p>A member complained about the delay in receiving their refund. The delay was due to a new LGPS membership being created with another fund, meaning a refund could not be paid, and benefits were automatically payable to the new fund. It was later understood the opt out took place whilst not employed with another Local Authority and therefore the refund was due. Money was returned to Surrey Pensions and refund issued to the member within a day of money being returned.</p> <p>Complaint partially justified.</p>
SUR180534	21/02/2023	Service Quality / Delivery	<p>A member complained about handling of their transfer into Surrey Pension Fund from another LGPS fund, stating delays have caused financial loss.</p> <p>Agreement was made to accept a later transfer however, it was later identified that whilst the member stated a transfer request was made with previous fund in time, Surrey Pensions were informed by previous LGPS fund that no request had been made and therefore transfer could not be accepted, leading to a complaint being made.</p> <p>Complaint not justified.</p>

SUR788923	23/02/2023	Administrative Error	<p>Member had multiple records recorded on various status's and couldn't access MSS due to this. Records were assessed and there had been 3 consecutive TUPEs in 7 years on 2 posts, so quite complex. Records will be aggregated into one active membership and access reinstated.</p> <p>Explanation and assurance surrounding benefits given and, apology to member provided.</p> <p>Complaint justified.</p>
SUR770120	25/02/2023	Administrative Error	<p>Member raised a concern after a delay in the payment of pension. There was an administrative error with the payment having not been authorised.</p> <p>Apology issued to the member and the payment was released immediately.</p> <p>Complaint justified.</p>
SUR187768	06/03/2023	Poor Communication and Service Quality / Delivery	<p>Complaint raised regarding a delay in the payment of pension and delays in responses to queries.</p> <p>Having reviewed the record, majority of queries responded to within a reasonable time period, aside from one for which an apology was given but did not impact the pension. The delay in payment was due to member wanting to transfer AVC out to another provider at retirement. Advice given at the time was correct, the member had not acted on this for 3 months before doing so.</p> <p>Complaint not justified.</p>
SUR888972	07/03/2023	Poor Communication	<p>The member raised a complaint about the delay in receiving their retirement information and a response to emails.</p> <p>Unfortunately, our correspondence sent on 20th February 2023 had not been received in the post and the member had to contact us on several occasions to obtain a response .</p> <p>Apology issued and letters sent via email.</p> <p>Complaint justified.</p>
SUR422176	11/03/2023	Administrative Error	<p>The member raised a complaint due to the treatment of their annual allowance tax charge for 2017/18, which we stated we would pay on their behalf, but this was not considered at the time, leading to HMRC contacting the member regarding this payment.</p> <p>There was a period of communication between the 2nd February 2023 and 16th March 2023, which clarified the situation and confirmation was obtained this payment had not been made.</p> <p>Took corrective action regarding tax payment, apologised, and offer of compensation accepted.</p> <p>Complaint justified.</p>

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Customer Relationship Team – Top 5 Query Summary





Quarterly Report - Communication & Training Team

Current Period Jan – Mar 2023

Annual Benefit Statements

Updated the Annual Return spreadsheet video for Employers and uploaded to the Employer website.

Assisted the Employer team to send the initial annual return communication to Employers.

Employee Presentations

Increasing and decreasing benefits webinar to all staff in February.

Presentation to the Early Careers Network in February, to encourage younger members of staff to engage with their pension.

Wellbeing Roadshow presentation support & admin support.

Presentations are now being facilitated only, with delivery by the Service Delivery team. We helped with setting up & advertising 3 new webinars to active members.

Employer Presentations

Arranged with Hymans to deliver a further three presentations to Employers (topics below). They were very well attended & received.

- Understanding how the LGPS works
- The Importance of Data – impact on members and employers
- Pensions terminology and historic issues e.g., rule of 85, McCloud, Goodwin, member protections.

In talks with Employer Manager regarding future employer presentations & meetings.

Newsletters

January, February & March staff newsletters issued & well received.

Spring employer newsletter compiled & distributed via email.

Pensioner newsletter created and sent to printers for distribution with the pension increase letters and P60s.

Spring active member newsletter issued by email, uploaded to website & sent paper copies to members who had requested them.

Deferred newsletter created ready for distribution alongside annual benefit statements later in the year.

Further newsletters will be produced throughout the year in agreement with the Comms Policy which was agreed upon by the committee in the last meeting.

Training

Updated Induction Handbook to include manager grades to standardise the new starter process for managers.

Recruitment Handbook created & issued via SharePoint.

Skills matrix updated with Service delivery competency levels in order to prioritise the technical training matrix.

Developed and delivered the first Customer Service Training to whole of SPT. Feedback was positive & an online version of the course will soon be available.

Following the identification of training priorities, the Introduction to Transfers online course will soon be available to all staff.

We are in the process of creating an extensive career pathway tool to enable SPT to identify development opportunities. Launch is planned for the beginning of June.

General

Delivered effective workshops which allowed us to review the most effective frequency and medium to provide information, in addition or as an alternative to newsletters.

New staff engagement SharePoint site developed & ready to launch alongside the new Shared drive alternative.

Created a formal request process for Communication and Training needs in addition to the agreed programme of work.

Agreed and commissioned an animated SPT logo, to use at the start of training courses, videos, and presentations.

Workforce strategy in process and will be brought to the board for ratification in the next meeting.

Moving forwards it has been decided that Change Management updates will form a new and separate chapter & will no longer be under Service Delivery.

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SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 19 MAY 2023**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** MY SURREY (UNIT 4) - PROGRAMME STATUS**SUMMARY OF ISSUE:**

This report provides an update on the programme status of My Surrey (Unit 4) the new main accounting system.

RECOMMENDATIONS:

It is recommended that the Board note the progress made on the implementation of My Surrey (Unit 4).

REASON FOR RECOMMENDATIONS:

The Board needs to be aware of the activities and systems used in the running of the Pension Fund.

DETAILS:**Background**

1. My Surrey is the new financial system for HR, finance, payroll and purchasing processes. This system is currently due to go live in June of this year and will replace a range of Systems that Surrey County Council currently use, including SAP, ePay, eSuite and others.

Details

2. Attached to this report in Annexe 1, is an update on the programme status of My Surrey (Unit 4) and a representative from the implementation team will be attending to provide an update and answer any queries.
3. The Pension Team has been keen to understand more about the background and parameters of the project, obtaining a view on the risks around the project and the confidence level of the Unit 4 team regarding successful implementation.

CONSULTATION:

4. The Chair of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

5. Implementation of MySurrey (Unit4) has been identified as a key risk in the Risk Register (ID 16).

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

6. The risk of poor Implementation of new financial systems could lead to delayed processing, data integrity issues or financial loss.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

7. The Director of Finance, Corporate and Commercial has been involved with decisions concerning the implementation of the system.

LEGAL IMPLICATIONS – MONITORING OFFICER

8. Legal implications have been considered within the report.

EQUALITIES AND DIVERSITY

9. There are no equality or diversity issues.

OTHER IMPLICATIONS

10. The implementation of the new main accounting system is designed to improve the efficiency and effectiveness of financial and administrative operations.

WHAT HAPPENS NEXT

11. The following next steps are planned:
 - a) Officers to work with My Surrey (Unit 4) to progress the new financial system.
 - b) Further updates to be brought to the Board as required.

Contact Officer:

Nicole Russell Head of Change Management
Paul Titcomb Head of Accounting and Governance

Consulted:

Local Pension Board Chairman

Annexes:

Programme Status Update – Annexe 1

Sources/background papers:

None

MySurrey (Unit4) Update

Surrey Local Pension Board Update (May 2023)



SURREY
COUNTY COUNCIL

Overview

- The DB&I Programme is replacing the current SAP system with a Unit4/Proactis ERP solution (which is being called MySurrey).
- Planned go-live for the Unit4 element is June 2023.
- The drive for the programme is a move to self-service and a reduction in the need for double entry within transactional processes.



Background

- The strategic drivers for the programme, as agreed by the Cabinet, related to three main areas.
 - Technical imperative – the council’s existing server hardware has reached end-of-life and is on expensive extended support, with costs increasing every year. The current system was implemented in 2004, is out-of-date and on an old technology roadmap which will no longer be supported by the vendor, SAP PLC, beyond 2030. This deadline was extended by SAP from 2025 during the procurement process.
 - Transformation agenda – the current system will not enable the council to achieve its transformational ambitions to drive service transformation, improve management decision making through easily accessible data and insight, and to fully enable a flexible and mobile workforce.
 - Business Operations external customers (e.g. schools) – for the council to retain existing customers of its payroll service and attract new business, smoother back-office processes with improved digital self-service and user experience are required.



Background 2

- The Cabinet awarded the contract to deliver the ERP solution to Vision 2030 which comprised of Unit4, delivering the ERP solution, Proactis delivering the Contract Management Solution and Embridge Consulting who are our implementation partner, in July 2020.
- The programme started in Autumn 2020 with an initial go-live of December 2021.
- Proactis went live in July 2021.
- Go-live has been postponed twice – one in December 2021 and once in 2022.
- The current plan is for a 6 June 2023 go-live.

Vision and Design Principles

A step change in the user experience, empowering people with accurate and insightful data for enhanced, intelligent decision making.

Maximise self-service for both staff and customers through simple, intuitive processes .

One source of data to inform effective decision making.

Ease of access and security through single sign-on.

Minimal customisation.

Adoption of SaaS standard best practice processes.

Opportunities for process automation are maximised.

Review complete/end-to-end process to ensure maximised efficiencies.

Fully exploit opportunity to combine and analyse financial and non-financial data to inform decision making.

Continuous improvement is embraced - enabled through on-going planned SaaS upgrades – and thus future-proofing our workforce.

Strengthen our commercial activity and provide flexibility to scale as appropriate.

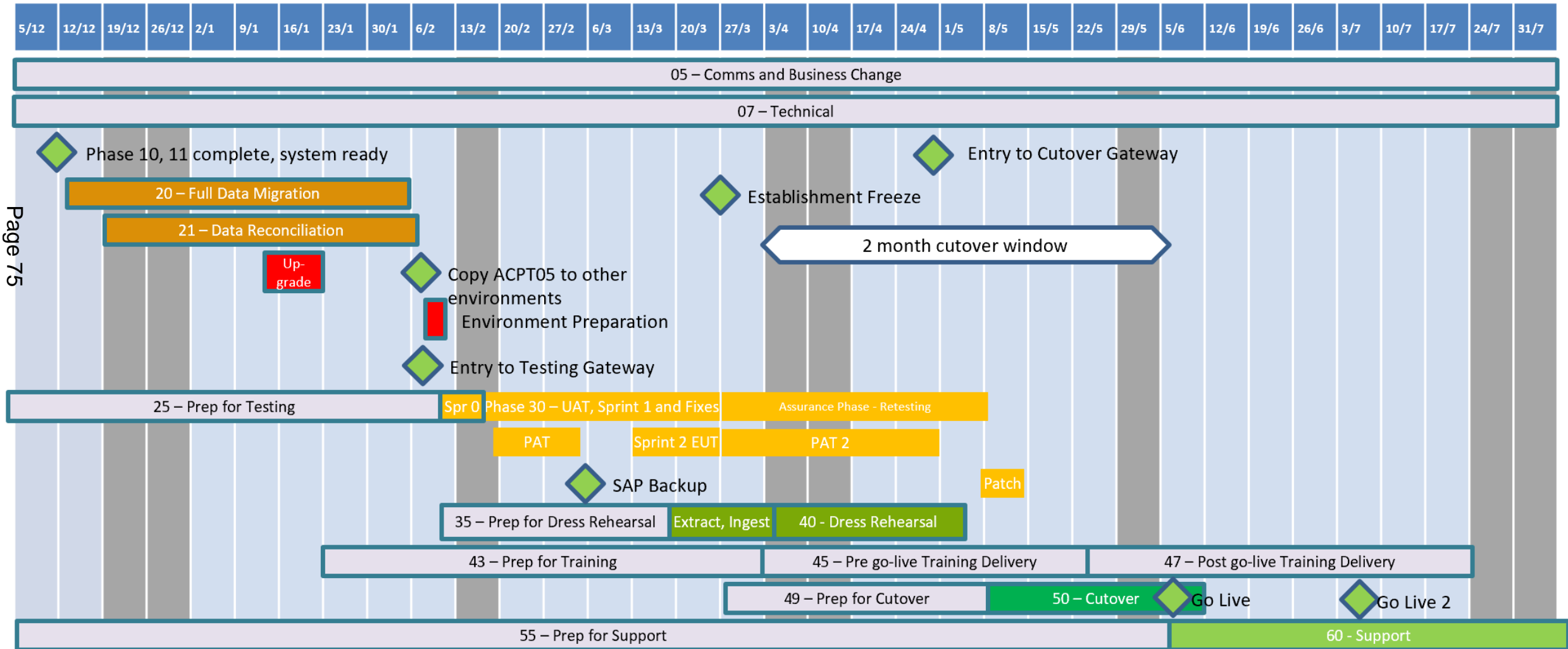


Governance & Decision

- The programme sponsor is Leigh Whitehouse, the Deputy Chief Executive.
- The Programme Board has representatives from all main Directorates as well as Directors of Finance, Procurement and HR. Audit have a standing place on the board.
- There are a number of Board level meetings in the run up to go-live for gateway decisions. This will include entering cutover and for final go-live. As this paper has been requested in advance of the meeting on the 19 May, an update on the projected go-live will be given on the day.



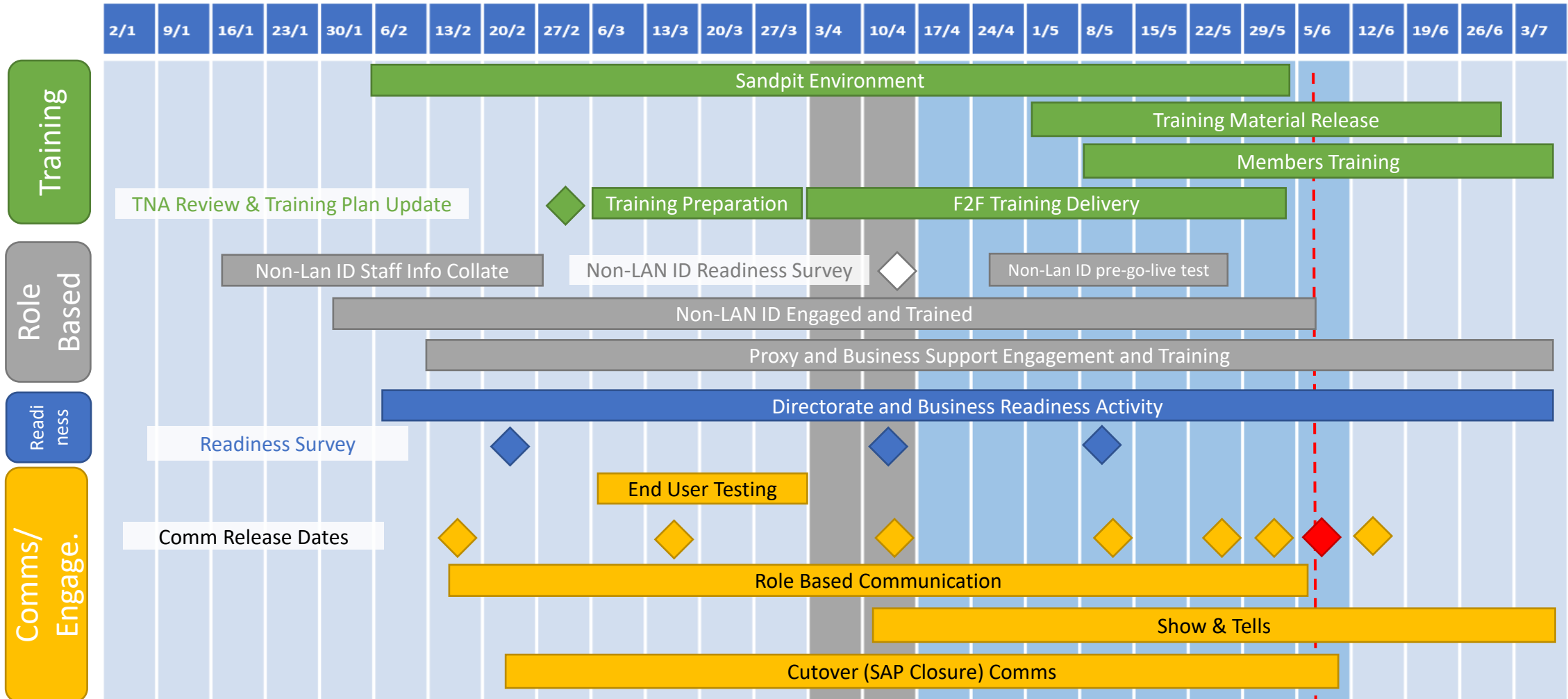
Programme Plan



Risks and Issues

- The Programme has a risks and issues log and reports the top risks and issues to the Strategic Programme Board.
- The top risks include:
 - Resource constraints
 - Scheduling risks around the tight timeframe of a 6 June go-live
 - Data Migration
 - User Experience
 - Reports – restructured workstream due to resource movement
- All risks have corresponding mitigations.

Change & Engagement (including Training)





Questions

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD

DATE: 19 MAY 2023

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

SUBJECT: INTERNAL AUDIT UPDATE



SUMMARY OF ISSUE:

This report considers the progress made on agreed actions from the completed audits in the 2021/22 and 2022/23 Internal Audit Programmes.

RECOMMENDATIONS:

It is recommended that the Board note the content of this report.

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, governance, and administration functions. These are summarised below with additional detail on the following pages.

Summary

2021-22 Audits

Ref	Topic	Assurance Rating	Actions			Notes	
			H	M	L		
1	Altair Controls	Reasonable	-	6	2	Actions complete	
2	Admin Processes	Reasonable	-	2	1	Remedial actions in train (complete 2/3)	
3	Banking Controls	Minimal	7	-	-	Work underway in each area	
4	Investment	Reasonable	-	2	1	Remedial actions in train (complete 1/3)	
5	Administration follow up	Pension Admin	Reasonable	-	2	-	Actions complete
6		Performance Management	Partial	3	-	1	Remedial actions in train

2022-23 Audits

Ref	Topic	Assurance Rating	Actions			Notes
			H	M	L	
7	Compensatory Added Years (CAYs)	Reasonable	-	2	1	Remedial actions in train
8	Administration Review (Transfers Out)	Reasonable	-	2	1	Remedial actions in train (complete 2/3)
9	SPF Governance Arrangements	Reasonable	-	2	-	Remedial actions in train
10	Pension Investments	<i>tba</i>				<i>Draft report in preparation</i>
11	Banking Controls follow up	<i>tba</i>				<i>Draft report in preparation</i>

Note: Definitions of assurance ratings

Assurance rating	Definition
Substantial	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial	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.
Minimal	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

2021-22 Internal Audit Programme

Altair Application Controls [1]

2. The one remaining action on the allocation of user access levels (medium finding) is now complete.

Key Administrative Processes [2]

3. One of the 2 medium priority agreed action on refund calculations has been completed. The remaining action on the extent of supporting information to be obtained is expected to be completed by 31 May 2023.

Pension Fund Banking Controls [3]

4. The final audit report of March 2022 had seven high priority findings and work is in progress in each area. However, it is agreed that in the medium to long term, the more permanent solution to address the control weaknesses identified in the audit will require the Pension Team to take control of managing the Surrey Pension Fund Bank account. Actions in connection with this were agreed to coincide with Unit 4 implementation which has been delayed with the current implementation date being June 2023.
5. A summary of the progress made so far is given below:
 - a) Centralising of Key Responsibilities

This is work is in progress pending Unit 4 Implementation.
 - b) Pension Fund Recharges to scheme employers
 - (i) Compensatory Added Years (CAYs) – Invoices for CAYs recharges have been raised up to and including 31 March 2023 (aggregate value c.£21m) for all but 6 employers for a total value of < £0.5m. Around £20m has been paid to date with a further £1m to be recovered. In conjunction with the Change Management Team, this work will be transitioned to the Finance Team to raise monthly invoices to all employers from April 2023.
 - (ii) Legal and Actuarial Costs – Recharges for quarters 3 and 4 of 2022-23 have been made. The process for recharging remains under review to ensure that recharges are made appropriately going forward.
 - (iii) Pension Strain costs – Recharges from October 2022 to March 2023 are in line for processing. The process for these is also under review to ensure appropriate treatment.

c) Administration of SPF Bank Account and Control Account

Having transferred processing of some of the receivables work into the Finance team, work is currently underway to assess the ongoing requirements and processes of the Surrey Pension Fund in connection with banking administration. The transition to Unit 4 will provide a catalyst for further action in this area.

6. The draft audit report [11] of the follow-up audit review of the Banking Controls is being finalised at present. An update will be provided to the Board in July 2023.

Pension Fund Investment [4]

7. The final audit report of May 2022 had 2 medium priority agreed actions, one of which on member training has been completed with the other expected to be fully reconciled as part of 2022-23 year-end work. The configuration to update the ledger has been deferred until Unit 4 implementation to avoid duplication.
8. The draft audit report [10] of the review of Pension Investments is being finalised at present. An update will be provided to the Board in July 2023.

Follow up audit of the 2020/21 Administration audit [5][6]

9. As reported on 5 August 2021, the 2020/21 Administration audit report was issued in July 2021 with a **Partial Assurance** audit opinion. A follow-up review was undertaken in 2022 leading to 2 audit reports issued in August 2022 as follows:
- (i) Pension Administration Follow-Up - **Reasonable Assurance**.
 - (ii) LGPS Performance Management - **Partial Assurance**.

10. The findings and agreed actions of these audits are given below:

Pension Administration Follow-Up [5]

11. The 2 medium priority agreed actions were completed in January 2023.

LGPS Performance Management [6]

12. The audit opinion was concluded as **Partial Assurance**. There were 4 findings (3 high priority and 1 low priority) and agreed actions in the report.
13. The Service Delivery Team have arranged to meet with Internal Audit to finalise the completion of agreed actions with evidence.

2022/23 Internal Audit Programme

14. The three completed audits from 2022/23 are reviewed below. The remaining 2 audits (see paragraphs 6 and 8 above) in the 2022-23 audit plan (**Pension Investments [10]** and **Follow-up audit of the Banking Controls [11]**) are being finalised.

Compensatory Added Years (CAYs) [7]

15. As reported in February 2023, there were 3 findings (2 medium priority and 1 low priority) and agreed actions as follows:
- a) The CAY payment mechanism is being changed to invoicing all employers monthly including Surrey County Council from April 2023 as the Council and the Pension Fund are separate legal entities. This will align with the Pension Fund's ambition to have control over its own banking and financial transactions. (Medium priority; will be completed by first monthly invoices being issued in May 2023).
 - b) As a result of the above, the CAY reporting mechanism will also improve for the council without relying on the Pension Team while addressing the audit finding of improving clarity and transparency for reporting and forecasting purposes. It can also be used for other bundled recharges in Pensions. (Medium priority; will be completed by first monthly invoices being issued in May 2023).
 - c) The Statement of Policy is a Council rather than Pension Team matter.

Administration Review (Transfers Out) [8]

16. The audit report was issued in February 2023 with a **Reasonable Assurance** audit opinion and had 3 findings (2 medium priority and 1 low priority).
17. One of the medium priority agreed actions of completing process maps has been delayed until 31 May 2023 due to the changes HM Treasury are proposing to make (as advised by the LGA) which will affect the GAD factors.
18. The remaining two agreed actions on data quality and 'known error list' have been completed.

SPF Governance Arrangements [9]

19. The audit report was issued in April 2023 with **Reasonable Assurance** with 2 Medium priority agreed actions as follows:
- a) The review of training records identified that members of the Local Pension Board (LPB) and the Pension Fund Committee (PFC) had completed training many years ago with no evidence of refresher training and none of the members had completed all the necessary training. To complete the mandatory training, numerous resources have been made available such as access to LGPS Online Learning Academy (LOLA) provided by Hymans Robertson, training policy approved by the PFC on 10 March 2023, data from the National Knowledge Assessment (NKA) completed by the members of LPB and PFC used to benchmark and implement a tailored training plan and training provided before a meeting to approve a recommendation (Medium priority, Completion date 31 Mar 2024).
 - b) The governance of Surrey Pension Fund involves 4 committees – 2 are specific to LGPS, namely LPB and PFC and 2 belonging to Surrey County Council as the administering authority i.e. People, Performance and Development Committee and Audit & Governance Committee. The council has a dual role as the employer and administering authority and hence managing potential conflicts of interest is a key objective of the good governance review. Five actions were agreed by the service, namely developing a comprehensive matrix of roles and responsibilities; and clarify delegations and decision making powers; complete discovery work in the areas of relationships with the council, staff, information technology, cyber security, and accommodation; amended scheme of delegation for approval by full council; and creation of a Conflict of Interest Policy (Medium priority, Completion date Mar 2024).

2023/24 Internal Audit Programme

20. The audit programme for 2023/24 is included as Annex 1.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

23. The performance of the pensions function does present potential financial and value for money implications to the Pension Fund.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

24. 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

25. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

26. There are no equality or diversity issues to be addressed.

OTHER IMPLICATIONS

27. There are no other implications.

WHAT HAPPENS NEXT

28. 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 Officers:

Siva Sanmugarajah
Paul Titcomb

Risk & Compliance Manager
Head of Accounting and Governance

Consulted:

Local Pension Board Chairman

Sources/background papers:

Annexe 1

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Surrey Local Government Pension Scheme

Internal Audit Strategy and Plan

2023/24



1. Introduction

- 1.1. Surrey County Council (the Council) is the designated statutory administering authority for the Surrey Pension Fund (the Fund). The Council has a statutory responsibility to administer and manage the Fund in accordance with the rules of the Local Government Pension Scheme (LGPS).
- 1.2. The Fund currently comprises of the Council and 327 scheme employers including, but not limited to, district and borough councils and academic bodies. There are currently circa 114k members of whom 41k were active, and 43k deferred. The remaining 30k are comprised of pensioners and dependants.
- 1.3. A new service structure for the Pension Team was implemented in 2022/23 following a return to sovereign control of the pension administration functions from the Orbis Business Operations shared service. In addition to this the Fund ceased provision of pension administration services for four London borough councils and the Surrey Fire and Rescue Service during 2021/22.
- 1.4. The Fund pools with 11 other Funds to create the Border to Coast Pensions Partnership. We (the Orbis Internal Audit & Counter Fraud Team) do not provide internal audit services to the Border to Coast Pensions Partnership.
- 1.5. A procurement exercise for the pension administration system was carried out during 2020. The result was a decision to remain with the existing system, Altair.
- 1.6. We (the Orbis Internal Audit & Counter Fraud Team) provide internal audit services to the Fund.

2. Objective

- 2.1. The objective of this Pension Scheme Internal Audit Strategy and Plan ('The Strategy'), is to provide the Scheme with a consistent, risk-based approach to determining an internal audit programme for the Fund, which takes maximum advantage of the available sources of internal and external assurance.
- 2.2. The Strategy seeks to provide assurance on the following aspects of Fund activities during 2023/24:
 - Cyber Security;
 - i-Connect;
 - Pension Administration (Transfers In);
 - Pension Fund Investments; and

- Admission Arrangements.
- 2.3. We will carry out follow-up audits for any previous reviews where the assurance opinion was partial or minimal assurance to ascertain the degree to which agreed actions in these areas have been implemented. Follow up reviews of Performance Management and Banking Controls will be undertaken during 2023/24.
 - 2.4. We are aware that there are significant backlogs in some areas of pension administration which have been recognised and reported by the Council's external auditors. We understand that the service is seeking additional resources in order to address this issue during the current financial year. We therefore intend to include a review of progress made to address the backlogs in administration in our Audit Plan for the 2024/25 financial year.
 - 2.5. We are also holding a contingency allocation of audit days and we will discuss the most appropriate use of this resource with management as the year progresses.
 - 2.6. The outline scope for each of the reviews is detailed at Appendix A.

3. Approach

- 3.1. The Strategy uses risk assessment as its foundation. The risk assessment will consider the materiality and significance of the processes involved, any negative factors such as problems or significant changes and any positive factors, which provide comfort or assurance. It should be borne in mind that the Fund is a material and fundamental financial system in its own right and, as such, should be subject to a proportionate level of coverage.
- 3.2. The outcome of the risk assessment will be an objective view of those areas of the business where assurance is required that risks are being managed effectively.
- 3.3. Throughout the year, there will be routine liaison between Internal Audit and management to identify emerging risks and ensure that this Strategy continues to reflect the needs of, and risks to, the Fund.
- 3.4. Where appropriate, audit coverage will be varied from year to year. In areas where no significant findings were made in the previous year, the scope may be widened to other areas to maximise the breadth of coverage and assurance.
- 3.5. Where possible, direct access to source data will be obtained, including to data held in the administration system (Altair), information passed via the Pension Regulator's on-line portal and HMRC's event reporting portal. Where access cannot be obtained, this will be reported.
- 3.6. We plan to deliver 90 audit days for the year 2023/24. This level of coverage will be kept under review to ensure that it remains appropriate to the needs of the Fund.

4. Professional Standards

4.1. Audits of the Fund will be carried out in accordance with the professional standards set out in the Public Sector Internal Audit Standards.

5. Reporting Arrangements

5.1. Internal Audit work will be reported in the following manner:

- A terms of reference will be drafted and agreed with management;
- An initial draft report will be issued to management for comments on factual accuracy and response to the issues and risks identified;
- A final report that includes agreed actions and implementation dates will be published to management.
- The results of audit work on the Scheme will be reported:
 - in full, to the Surrey Local Pension Board and Surrey Pension Fund Committee; and
 - in summary form, to the Audit and Governance Committee, as part of our quarterly progress reports.

SURREY PENSION FUND INTERNAL AUDIT PLAN 2023/24

Please note that the following provides a high-level scope of the work we are proposing. At the beginning of each review (as with all our work), a detailed term of reference will be developed in consultation with management and therefore the details given below may change to reflect emerging issues and risks.

Review Name	Outline Objective	Estimated Timing
Cyber Security	<p>Pension schemes hold large amounts of personal data/assets which can make them a target for fraudsters and criminals.</p> <p>This audit will review the effectiveness of the controls in managing cyber security risks against the pension fund and use the cyber security principles for pension schemes as issued by the Pension Regulator as a basis for assessing the effectiveness of these controls.</p>	Q1/Q2
i-Connect	<p>iConnect is a secure platform which automates the submission of pension data from admitted and contributing authorities (currently in use for Surrey CC only).</p> <p>This audit will evaluate the effectiveness of the controls, particularly those that ensure access to the application is appropriate, data is sufficiently protected and those that support the accuracy of the data.</p>	Q3
Administration Review	<p>An audit to review the key controls and the arrangements in place for the processing of transfers in.</p>	Q2
Pension Fund Investments	<p>A review to assess the adequacy of the SCC Pension Fund management and governance arrangements.</p>	Q3

Appendix A



Admission Arrangements	A review to assess the key controls and arrangements in place for the admitting of new scheme employers.	Q3
Follow Up of the LGPS Performance Management Review	To assess progress made against agreed actions from the 2022/23 report (Partial Assurance).	Q1
Follow up of the Banking Controls Review	To further assess progress made against agreed actions from the 2021/22 report (Minimal Assurance).	Q3
Contingency	We will also hold a contingency allocation and will discuss the most appropriate use of this resource with the Pensions Leadership Team as the year progresses.	N/A

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD

DATE: 19 MAY 2023

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

SUBJECT: 2022 VALUATION



SUMMARY OF ISSUE:

This report provides an update to the 2022 triennial valuation being undertaken by the Fund actuary, Hymans Robertson.

RECOMMENDATIONS:

It is recommended that the Board note the progress made on the actuarial work for the 2022 triennial valuation.

REASON FOR RECOMMENDATIONS:

The Board needs to be aware of the activities and outputs of the triennial valuation as this informs employer contribution rates and the investment strategy of the Fund. This is consistent with the Fund's strategic funding objectives.

DETAILS:

Background

1. The Fund actuary, Hymans Robertson, carries out a triennial valuation of the Fund's assets and liabilities.
2. The primary and secondary contribution rates for all employers in the Fund and the accompanying investment strategy are derived from this valuation.

Final valuation report signed off

3. Work is substantially complete for the triennial valuation on 31 March 2022 (effective 1 April 2023).

Valuation report signed off	3.1	In line with the timetable, the valuation report was signed off prior to 31 March 2023.
Funding Strategy Statement published	3.2	The Funding Strategy Statement has been published on the Fund website.
New rates in effect	3.3	New employer contribution rates are now in effect from 1 April 2023.
Lessons learned session to be held	3.4	Any final tasks relating to the valuation will now be undertaken and a completion meeting is to be held on 24 May 2023 to review elements of the valuation process that went well and to consider areas where improvements may be made.

Original timetable

4. As a reminder, the key areas of activity for the 2022 actuarial valuation are set out in the table below.

	Timing (financial quarter)	Area
1	Q1 2022/23 and prior	Pre-valuation work: <ul style="list-style-type: none"> • Planning • Data cleansing • Valuation training (10 December 2021)
2	Q2 2022/23	Actuarial assumptions review Data cleansed and submitted to actuary. Funding Strategy Statement review
3	Q3 2022/23	Whole fund funding level report Set contribution rates for major employers
4	Q4 2022/23	Employer results issued to employers. Funding Strategy Statement consultation Final valuation report signed off by 31 March 2023
5	1 April 2023	New employer contributions start to be paid

CONSULTATION:

5. The Chair of the Local Pension Board has been consulted on the current position.

RISK MANAGEMENT AND IMPLICATIONS:

6. Default by scheme employers can represent a material risk to the Pension Fund.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF CORPORATE FINANCE COMMENTARY

8. The Director of Corporate Finance, Corporate and Commercial is satisfied that work for the 2022 valuation is necessary and appropriate.

LEGAL IMPLICATIONS – MONITORING OFFICER

9. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

10. There is no requirement for an equality analysis, as there is no major policy, project or function being created or changed.

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

12. The following next steps are planned:
 - a) Officers to work with the fund actuary to progress the valuation; and
 - b) Further updates to be brought to the Board.

Contact Officer:

Sara Undre Employer Manager
Paul Titcomb Head of Accounting and Governance

Consulted:

Local Pension Board Chair

Annexes:

None

Sources/background papers:

None

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SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 19 MAY 2023**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** THE PENSIONS REGULATOR – PUBLIC SERVICE
GOVERNANCE & ADMINISTRATION SURVEY 2023**SUMMARY OF ISSUE:**

This report provides a summary of the response to The Pensions Regulator Public Service Governance and Administration Survey 2022/23

RECOMMENDATIONS:

It is recommended that the Board notes the content of this report and Annexe.

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 insight into the activities of the 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:**Background**

1. The Pensions Regulator invited all public services pension schemes to take part and complete the survey 2022-23 by 17 February 2023.

Response

2. Attached in Annexe 1 is our response to the survey.

CONSULTATION:

3. The Chairs of the Local Pension Board and Committee have been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

5. The performance of administration and governance presents potential financial and value for money implications to the Pension Fund. The monitoring of these implications is addressed within the report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

7. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

8. There are no equality or diversity issues.

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

10. The following next steps are planned:
 - a) We continue to monitor activities of the fund, to ensure good governance.
 - b) Improvements will be designed and implemented as appropriate and further updates brought to the Board.

Contact Officer:

Adele Seex – Governance Manager

Consulted:

Local Pension Board Chairman

Annexes:

The Pensions Regulator Survey - Annexe 1

Sources/background papers:

Public Service Governance and Administration Survey 2022/23

Introduction

Thank you for taking the time to complete this survey.

Please answer the questions in relation to the following scheme:

LGPS- SURREY

Within the survey all references to 'the scheme' refer to the above. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pensions Regulator's (TPR's) engagement with you in the future.

If you would like to print out a hard copy of this questionnaire to help you when collecting information from colleagues, please click [here](#). Please note, however, that we need you to complete the questionnaire through this online survey and not by filling in a hard copy.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. They should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

There is a space at the end of the survey to add comments about your answers where you feel this would be useful. There is also an option to print/save your responses before submitting them.

** In some internet browsers you may need to right click on the link and select 'open in new tab/window' to download the file*

Please click the arrow below to continue to the questionnaire.

Public Service Governance and Administration Survey 2022/23

Section A - Governance

The first set of questions is about how your pension board works in practice.

A1 Focusing on the scheme's pension board meetings in the **last 12 months**, please tell us the following:

Please include any board meetings that were held remotely (e.g. via teleconference or online meeting software)

Please write in the number for each of a-c in the boxes below

a) Number of board meetings that were **scheduled** to take place (in the last 12 months)

b) Number of board meetings that actually **took place** (in the last 12 months)

c) Number of board meetings that were **attended** by the scheme manager or their representative (in the last 12 months)

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

A2 Thinking about the 4 pension board meetings that took place, was this more, the same or less than in the previous 12 month period?

- More
 Same
 Less
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

A3 Do the scheme manager and pension board have sufficient **time** to run the scheme properly?

- Yes
 No
 Don't know

A4 Do the scheme manager and pension board have sufficient **resources** to run the scheme properly?

By resources we mean staffing, IT/systems and available budget

- Yes
 No
 Don't know

A5 Do the scheme manager and pension board have access to all the knowledge, understanding and skills necessary to properly run the scheme?

- Yes
 No
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

A6 How often does the scheme manager or pension board carry out an evaluation of the knowledge, understanding and skills of the board as a whole in relation to running the scheme?

- At least monthly
 At least quarterly
 At least every six months
 At least annually
 Less frequently
 Never
 Don't know

A7 On average, how many hours of training per year does each pension board member have in relation to their role on the pension board?

Please write in the number in the box below

hours per year

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

A8 Does the pension board believe that in the last 12 months it has had access to all the information about the operation of the scheme it has needed to fulfil its functions?

- Yes
 No
 Don't know

A9 Does the scheme have a succession plan in place for the members of the pension board?

By this we mean a plan or process for how you will find, appoint and train suitable new members of the pension board to replace any existing board members who leave or retire.

- Yes
 No
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section B - Managing Risks

The next set of questions is about managing risks.

B1 Does your scheme have any of the following?

Please select one answer per row

	Yes	No	Don't know
a) Its own documented procedures for assessing and managing risk (please select 'No' if your scheme relies on your local authority's documented procedures for assessing and managing risk)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Its own risk register (please select 'No' if your scheme relies on your local authority's risk register)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) A documented policy to manage the pension board members' conflicts of interest	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Processes to monitor records for all membership types on an ongoing basis to ensure they are accurate and complete	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) A process for monitoring the payment of contributions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) A process for resolving contribution payment issues	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Procedures to identify breaches of the law	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Procedures to assess breaches of the law and report these to TPR if required	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) A process for dealing with remediation (by 'remediation' we mean the actions required to remedy the age discrimination in the 2015 schemes. This is also often referred to as either 'McCloud' or 'Sergeant')	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) A process to monitor resourcing levels and address any issues	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

B2 When were these last reviewed by the scheme manager or pension board?

Please select one answer per row

	In the last 12 months	More than 12 months ago but less than 3 years ago	More than 3 years ago	Never been reviewed	Don't know
a) The scheme's own documented procedures for assessing and managing risk	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) The scheme's own risk register	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) The documented policy to manage the pension board members' conflicts of interest	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) The processes to monitor records for all membership types on an ongoing basis to ensure they are accurate and complete	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) The process for monitoring the payment of contributions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) The process for resolving contribution payment issues	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) The procedures to identify breaches of the law	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) The procedures to assess breaches of the law and report these to TPR if required	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) The process for dealing with remediation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) The process to monitor resourcing levels and address any issues	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

B3 In the last 12 months, how many of the 4 pension board meetings reviewed the scheme's exposure to new and existing risks?

Please write in the number in the box below

Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

B4 To what do the top three governance and administration risks on your risk register relate?

Please select up to three options below

- Securing compliance with changes in scheme regulations
- Ensuring the scheme is compliant with the pensions dashboards requirements
- Lack of resources/time
- Recruitment and retention of staff or knowledge
- Remediation (i.e. the actions required to remedy the age discrimination in the 2015 schemes; also referred to as 'McCloud' or 'Sergeant')
- Other ongoing court cases
- Record-keeping (i.e. the receipt and management of correct data)
- Production of annual benefit statements
- Systems failures (IT, payroll, administration systems, etc.)
- Cyber risk (i.e. the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its IT systems and processes)
- Administrator issues (expense, performance, etc.)
- Guaranteed Minimum Pension (GMP) reconciliation
- Scheme funding or investment
- Other (please specify)
- Don't know

Please write in your 'Other' response in the box below

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

B5 Which, if any, of the following actions have you taken in relation to the remediation proposals?

By 'remediation' we mean the actions required to remedy the age discrimination in the 2015 schemes. This is also often referred to as either 'McCloud' or 'Sergeant'.

Please select all that apply

- Assessed the possible administration impacts
- Assessed the data requirements
- Commenced a specific data cleansing or data gathering exercise
- Carried out immediate detriment calculations
- Assessed any additional resources likely to be required
- Discussed system requirements with IT suppliers
- Recruited or made plans to recruit additional staff
- Secured budget for additional requirements
- Engaged with your Scheme Advisory Board or relevant authority
- Provided specific information to members
- Established a dedicated project team
- Taken other actions (please specify)
- None of these
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section C - Administration and Record-Keeping Processes

The next set of questions is about administration and record-keeping.

C1 Does the scheme have an administration strategy?

By this we mean policies and procedures that set out the responsibilities of the scheme and its employer(s).

- Yes
- No
- Don't know

C2 Which of the following best describes the scheme's administration services?

- Delivered in house
- Undertaken by another public body (e.g. a county council) under a shared service agreement or outsource contract
- Outsourced to a commercial third party
- Other
- Don't know

C3 In the last 12 months, how many of the 4 pension board meetings had administration as a dedicated item on the agenda?

Please write in the number in the box below

Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

C4 Does the scheme's administrator have a formal data management plan or policy?

A data management plan or policy formally records the scheme's approach to managing and improving its pension scheme data

- Yes
 No
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

C5 Does this data management plan or policy set out any of the following?

Please select one answer per row

	Yes	No	Don't know
a) What data is held or used	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Where data is received from or transferred to	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Processes for receiving, sharing and managing data	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Data quality controls in place (e.g. validation checks)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) The approach to measuring data and steps being taken to improve data (e.g. an improvement plan)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) A data governance framework	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

C6 How often is this data management plan or policy reviewed?

- Annually or more often
 Every 2 years
 Less often
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

C7 Is your scheme single employer or multi-employer?

- Single employer scheme (i.e. used by just one employer)
 Multi-employer scheme (i.e. used by several different employers)

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Public Service Governance and Administration Survey 2022/23

C10 In the last 12 months, what proportion of your scheme's employers have...

Please write in the percentage (from 0% to 100%) in each box. If you don't know exactly, please give approximate percentages.

a) Always provided you with accurate and complete data?

%

Don't know

b) Always submitted the data required each month to you on time?

%

Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

C11 And in the last 12 months, what proportion of your scheme's employers have...

Please write in the percentage (from 0% to 100%) in each box. If you don't know exactly, please give approximate percentages. The percentages in the three boxes should add up to 100%.

a) Submitted all data to you electronically?

%

b) Submitted some but not all data to you electronically?

%

c) Not submitted any data to you electronically?

%

Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C12 Do you automatically test the data received from employers (i.e. automatic validation)?
- For example, checking that there are no duplicate National Insurance numbers or that postcodes are in a valid format
- Yes
 No
 Don't know
- C13 Do you provide information or training to employers on the data they need to provide?
- Yes
 No
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C14 In the last 2 years, would you say that the budget you've spent on managing or improving the scheme's data has increased, stayed the same or decreased?
- In this context we're referring to data about scheme members such as personal identifiers (e.g. name, national insurance number), contribution records, etc.
- Increased
 Stayed the same
 Decreased
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C15 What were the reasons for this increased spend on managing or improving the scheme's data?
- Please select all that apply*
- Increased focus or scrutiny by TPR
 Improved understanding of the risks facing the scheme
 To address issues identified through a data review, complaint or audit
 To prepare for transition to a new administrator
 To prepare for the pensions dashboards
 To prepare for remediation
 To deliver other special projects (e.g. GMP equalisation)
 To reduce errors and complaints
 To drive efficiencies and cost savings
 To deliver improved services to members (e.g. online portals)
 Other reason (please specify)
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C16 In the next 2 years, do you expect your budget for managing or improving data to...?
- Increase
 Stay the same
 Decrease
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C17 In the last 2 years, would you say that the investment you've made in administration technology or automation has increased, stayed the same or decreased?
- Increased
 Stayed the same
 Decreased
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C18 What were the reasons for this increased investment in administration technology or automation?
- Please select all that apply*
- Increased focus or scrutiny by TPR
 To prepare for the pensions dashboards
 To prepare for remediation
 To reduce errors and complaints
 To drive efficiencies and cost savings
 To deliver improved services to members (e.g. online portals)
 To implement digital identity or biometric checks
 Other reason (please specify)
 Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C19 In the next 2 years, do you expect your budget for administration technology or automation to...?
- Increase
 - Stay the same
 - Decrease
 - Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- C20 You mentioned that you have increased your spend on managing or improving data and on administration technology or automation in the last 2 years. Has this resulted in any of the following benefits?

Please select all that apply

- Reduced errors or complaints
- Efficiencies and cost savings
- Improved services to members
- Greater member engagement
- Other benefits (please specify below)
- None of these
- Don't know

Please write in your 'Other benefits' response in the box below (if applicable)

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section D - Annual Benefit Statements

The next set of questions is about members' annual benefit statements.

- D1A In 2022, in which of the following ways were your active members sent their annual benefit statements?

Please select all that apply

- Via a digital online portal, with notification by email
- Via a digital online portal, with notification by letter
- Via a digital online portal, with no notification
- By post
- Other way(s) (please specify)
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- D1B In 2022, what proportion of your active members were sent their annual benefit statements in each of these ways?

Please write in the percentage (from 0% to 100%) in each box. If you don't know exactly, please give approximate percentages.

Via a digital online portal, with notification by email

%

By post

%

Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- D2 In 2022, what proportion of active members received their annual benefit statements by the statutory deadline?

Please write in the percentage in the box below. If you don't know exactly, please give an approximate percentage.

%

- D3 Was the missed deadline for issuing active member statements reported to TPR?

- Yes- and Breach of Law report made
- Yes- but decided not to make a Breach of Law report
- No- not reported
- Don't know

- D4 What was the main reason for not reporting the breach?

- Not material- few statements affected
- Not material- very short delay
- Other reason (please specify)
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

D5 What proportion of all the annual benefit statements the scheme sent out in 2022 contained all the data required by regulations?

Please write in the percentage in the box below. If you don't know exactly, please give an approximate percentage.

100 %

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

D6 Looking forwards, how confident are you that all active members will receive their annual benefit statements by the statutory deadline in 2023?

- Very confident
- Fairly confident
- Not particularly confident
- Not at all confident
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section E - Reporting Breaches

The next set of questions is about the scheme's approach to dealing with any breaches of the law.

E1 Do you maintain documented records of any breaches of the law identified?

- Yes
- No
- Don't know

E2 Do these records include the decision taken on whether or not to report the breach of the law to TPR?

- Yes
- No
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

E3 Does the pension board receive reports on any breaches of the law identified?

- Always
- Sometimes
- Never
- Don't know

E4 In the last 12 months, have you identified any breaches of the law that were not related to annual benefit statements?

- Yes
- No
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

E5 What were the root causes of the breaches identified?

Please select all that apply

- Systems or process failure
- Failure to maintain records or rectify errors
- Management of transactions (e.g. errors or delays in payment of benefits)
- Failure of the employer(s) to provide timely, accurate or complete data
- Late or non-payment of contributions by the employer(s)
- Other employer related issues (please specify)
- Something else (please specify)
- Don't know

E6 In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant? Please do not include any breaches that related to annual benefit statements.

- Yes
- No
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section F - Improvements to Governance and Administration

The next set of questions is about your progress in addressing governance and administration issues.

F1 What do you believe are the top three factors behind any improvements made to the scheme's governance and administration in the last 12 months?

Please select up to three options below

- Improved understanding of underlying legislation and standards expected by TPR
- Improved engagement by TPR
- Improved understanding of the risks facing the scheme
- Resources increased or redeployed to address risks
- Administrator action (please specify)

- Scheme manager action (please specify)
- Pension board action (please specify)
- Other (please specify)
- No improvements made to governance/administration in the last 12 months
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

F.2 What are the main three barriers to improving the governance and administration of your scheme over the next 12 months?

Please select up to three options below

- Lack of resources or time
- Complexity of the scheme
- The volume of changes that are required to comply with legislation
- Recruitment, training and retention of staff and knowledge
- Lack of knowledge, effectiveness or leadership among key personnel
- Poor communications between key personnel (board, scheme manager, administrator, etc.)
- Employer compliance
- Issues with systems (IT, payroll, administration systems, etc.)
- The remediation process (also referred to as 'McCloud' or 'Sergeant')
- The pensions dashboards requirements
- Other (please specify)
- There are no barriers
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section G - Pensions Dashboards

Government has been working on legislation to enable the development of pensions dashboards. Pensions dashboards are digital interfaces such as websites or apps which will enable a person to see all their pensions in one place.

G1 The Pension Schemes Act 2021 contains provisions to require trustees and scheme managers to provide data to savers through pensions dashboards. Before today, were you aware of this change to pensions law?

- Yes – aware of this change to pensions law
- No – heard of pension dashboards but not aware of this change to pensions law
- No – hadn't heard of pensions dashboards before this survey
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

G2 As far as you know, has the scheme manager or a member of the pension board done any of the following?

Please select all that apply

- Attended or viewed a TPR pensions dashboards webinar
- Listened to a TPR pensions dashboards podcast
- Read TPR's guidance on pensions dashboards
- Engaged with any other material put out by TPR regarding pensions dashboards (please specify)
- None of these
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

G3 How useful did the scheme manager and/or pension board find TPR's guidance on pensions dashboards?

- Very useful
- Fairly useful
- Not particularly useful
- Not at all useful
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section H - Climate Change

The next set of questions is about climate change.

H1 Firstly, has your scheme allocated time or resources to assessing any financial risks and opportunities associated with climate change?

- Yes
- No
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

H2 Which of the following processes do you use to manage climate-related risks and opportunities?

Please select one answer per row

	Yes	No	Don't know
a) Include climate-related issues as a regular agenda item at pension board meetings	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Assign responsibility for climate-related issues to a specified individual or sub-committee	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Include, monitor and review targets in the scheme's climate policy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Add climate-related risks to your risk register	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Include climate related topics in your pension board training plan	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

H3 Have you taken any of the following actions on stewardship in order to help with your management of climate risks?

By stewardship we mean the responsible allocation, management and oversight of capital to create long-term value for pension scheme members.

Please select one answer per row

	Yes	No	Don't know
a) Talked to advisers and asset managers about how climate-related risks and opportunities are built into their engagement and voting policies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) When appointing new asset managers, asked the prospective manager how they include climate factors in engagement and voting behaviour	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) When outsourcing activities, set out in legal documents your expectations on climate stewardship and approaches (e.g. in the Investment Management Agreement or in side letters to pooled fund documentation)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Joined collaborative engagement efforts on climate change	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Signed the UK Stewardship Code	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section 1 - TPR Codes of Practice and Guidance

The next set of questions is about TPR's Codes of Practice and guidance.

I1 Before this survey, were you aware that TPR produces...?

	Yes	No	Don't know
a) Codes of Practice (a Code of Practice is not a statement of law, but sets out the standards of conduct and practice that TPR expects)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Guidance (guidance refers to material published by TPR intended to help explain particular matters or provide examples of good practice)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) The Public Service Toolkit (the Public Service Toolkit is a free online learning programme for pension board members, and others, to improve their knowledge of their role)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

I2 When did you last use or consult any of...?

	In last 3 months	4-6 months ago	7-12 months ago	Over 12 months ago	Never	Don't know
a) TPR's Codes of Practice	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) TPR's guidance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) TPR's Public Service Toolkit	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

I3 Which of the following Codes of Practice have you ever used or consulted?

Please select all that apply

- Governance and administration of public service pension schemes (Code 14)

- Any other TPR Codes of Practice
- None of these
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- 14 Most of TPR's Codes of Practice will soon be replaced by a new 'Single Code'. Before this survey, were you aware of the introduction of a Single Code of Practice?
- Yes
 - No
 - Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- 15 Based on what you know about it, to what extent do you agree or disagree that the Single Code of Practice will...?

Please select one answer per row

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
a) Improve how this scheme is governed	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Increase the work required by this scheme to meet TPR's expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Make it easier to understand TPR's expectations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section J - TPR Enforcement Policy

The next questions are about TPR's scheme management enforcement policy.

- J1 Before this survey, were you aware that last year TPR published a new-look enforcement policy that includes a number of changes?
- Yes
 - No
 - Don't know
- J2 How much do you know about the changes to TPR's enforcement policy?
- A lot about them
 - A fair amount
 - A little bit
 - Nothing
 - Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- J3 Specifically, which of the following changes to TPR's enforcement policy are you aware of?

Please select all that apply

- It is a consolidated version of TPR's existing policies for DB, DC and public service pension schemes
- It covers TPR's approach to new fixed and escalating penalty powers
- It covers TPR's options to use both criminal and regulatory powers in respect of the same set of circumstances
- TPR has new powers to impose high fines for providing false or misleading information to either TPR or scheme trustees
- Any other changes (please specify)
- None of these
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- J4 Have you read TPR's new-look enforcement policy?

Even if you have only skimmed or partially read the new-look policy please still select 'yes'.

- Yes
- No
- Don't know

- J5 To what extent do you agree or disagree with the following?

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
a) The new-look policy is easier to use than the previous published policy	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) The new-look policy is easier to navigate than the previous published policy	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

J6 Have you made any changes as a result of TPR's new-look enforcement policy?

- Yes
- No
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section K - Equality, Diversity & Inclusion

The final set of questions is about pension board equality, diversity and inclusion.

K1 Diversity data refers to characteristics such as age, gender, ethnicity, religion, etc. Does the scheme formally obtain and record any diversity data in relation to the members of the pension board?

This question is about the pension board not the scheme's members. Please only answer yes if you record diversity data about the members of the pension board.

- Yes
- No
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Public Service Governance and Administration Survey 2022/23

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K4 Why does the scheme not capture diversity data in relation to the pension board?

Please select all that apply

- Concerns about data protection legislation
- No interest in collecting this data
- No need to collect this data
- Haven't thought about collecting this data
- We consider/assess the diversity of the pension board but don't formally record it
- Other reason (please specify)
- None of these
- Don't know

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

Section L - Attribution

Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments. Before you submit your answers, there are just a few more questions about your survey responses.

L1 Which of the following best describes your role within the pension scheme?

- Scheme manager*
- Representative of the scheme manager
- Pension board chair
- Pension board member
- Administrator
- Other (please specify)

* In this survey 'Scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department

L2 What other parties did you consult with to complete this survey?

Please select all that apply

- Scheme manager
- Representative of the scheme manager
- Pension board chair
- Pension board member
- Administrator
- Other
- Did not consult with any other parties

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

L3 To inform TPR's engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your scheme name would not be revealed in any published report.

Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?

- Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR for this purpose
- No, I would like my responses to remain anonymous

L4 And would you be happy for the responses you have given to be linked to your scheme name and shared with the relevant scheme advisory board? This is to help inform the advisory boards of areas for improvement and to further their engagement with pension boards.

- Yes, I am happy for my responses to be linked to my scheme name and shared with the relevant advisory board
- No, I would like my responses to remain anonymous

- L5 TPR may conduct some follow up research on this topic to improve their advice and engagement with schemes such as yours. Would you be willing for us to pass on your name, contact details and relevant survey responses to them so that they, or a different research agency on their behalf, could invite you to take part?

You may not be contacted and, if you are, there is no obligation to take part. Your contact details will be stored for a maximum duration of 12 months, before being securely destroyed.

- Yes, I am happy to be contacted for follow-up research
 No, I would prefer not to be contacted for follow-up research

Please complete all questions on this page before clicking the right hand arrow below to continue to the next question.

Public Service Governance and Administration Survey 2022/23

- L6 Please record your name below. This is just for quality control purposes and will not be passed on to TPR (unless you have agreed that they can contact you for follow-up research).

Adele See:

- L7 Finally, please use the box below if you have any other comments or would like to clarify/explain any of the answers you have given.

QC4 we have a partial plan.

If you would like to print and/or save a copy of your responses then please click the 'print' button below. This will open a new browser window (you may need to allow pop-ups from this site for it to open). You can then print this or choose to save it as a pdf document. Please do this before clicking the submit button.

IMPORTANT: Please click the 'tick' button below to submit your survey.

Once you have submitted your survey you will not be able to go back and change any of your answers or print/save a copy of your responses.

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 19 MAY 2023

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

SUBJECT: LGPS UPDATE (BACKGROUND PAPER)

SUMMARY OF ISSUE:

This report considers recent developments in the LGPS.

RECOMMENDATIONS:

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

REASON FOR RECOMMENDATIONS:

The report provides background information for the Board.

DETAILS:**Highlights**

1	LGPS CARE revaluation date changed due to inflation	Regulations amended to change the LGPS CARE revaluation date due to high inflation. More information in paragraph 7.
2	Lifetime Allowance charges abolished in Budget	Following the Spring Budget, Lifetime Allowance charges abolished from 6 April 2023 and increases to Annual Allowance limits. More information in paragraphs 8, 22, 26 and 27.
3	Consultations proposed on Investment Pooling and investment in illiquid assets	Within the Spring Budget the Chancellor announced the Government will launch 2 new consultations, firstly on LGPS Pooling and secondly on investments and proposals for LGPS funds to consider opportunities in illiquid assets. More information in paragraph 23.
4	Transfer out quotations suspended following SCAPE discount rate change	Following change to the SCAPE discount rate, new transfer out quotations suspended from 30 March 2023. Other actuarial factors will be affected. More information can be found in paragraph 25.
5	Delay to Pensions Dashboards	DWP announced delay to Pensions Dashboards Programme. More information can be found in paragraphs 18, 30 and 31.
6	2037 State Pension Age increase on hold	Accelerated increase to 68 for State Pension Age from 2037 on hold until next Parliament. More information can be found in paragraph 29.

LGPS updates

7. DLUHC launched a short [consultation](#) from 10 to 24 February 2023 on changing the annual revaluation date for CARE benefits from 1 to 6 April. The LGPS (Amendment) Regulations 2023 have now been laid and took effect from 31 March 2023. The purpose of the change is to align the revaluation date with the tax year due to the 10.1% increase that will apply to CARE LGPS benefits, had this not been done more members would have exceeded the annual allowance. The amendments also allow protections for those affected so that although the increase takes place on 6th April it will be backdated as if it had taken place on 1st April so there is no loss of benefit. The LGA have published a special bulletin that looks at the impact of the change of the revaluation date and provides examples.
8. The LGA have issued the [annual update](#) detailing the revised rates applicable from April 2023 for both administrators and employers, e.g. employee contribution rate, additional pension limit, NI limits and thresholds.
9. DLUHC launched a [consultation on changes to the SAB cost management process](#) (CMP) which closed on 24 March 2023. This is following a report from GAD into changes to HM Treasury CMP and HMT's response to that report. The consultation proposes to better integrate the SAB process within the statutory HMT mechanism. The [SAB have responded](#) to the consultation.
10. The Local Government (Structural Changes) (Supplementary Provision and Amendment) Order 2023 was made on 1 March and effective from 1 April 2023. This is to allow for structural changes in Cumbria, North Yorkshire and Somerset.
11. GAD have sent a formal membership data request as at 31 March 2022 to pension managers. This is required for the Section 13 exercise along with assisting with other projects including DLUHC and SAB policy work.
12. The LGPS Governance Conference will be held in York on 18 and 19 January 2024, booking information and the programme will be made available later in the year.

Scheme Advisory Board (SAB)

13. The Minister for Local Government has [responded](#) to a letter written to him by the SAB on delays in the external audit of local authority's accounts, including pension fund accounts. The MP has welcomed the advice and recommendation to consider the separation of main authority accounts and pension fund accounts. He has asked his officials to consider the scope for developing this further.
14. The SAB are reviewing and updating the CIPFA guidance on the Knowledge and Skills Framework for committee members and officers.
15. Bob Holloway, the Pensions Secretary to the SAB retired on 24 February 2023.

Pensions Dashboard Programme (PDP)

16. The PDP have published [3 new videos](#), these are an 'Introduction to Consumer Protection', 'Myth busting pensions dashboards' and 'Frequently Asked Questions'.
17. GAD have [published a blog](#) on matching members for dashboards.
18. In March the PDP published their [latest news on dashboards](#), which includes FAQ's on connection deadlines and revised timetable.

McCloud

19. The SAB have issued guidance for Administering Authorities setting out options where there is either missing data or, where the authority is not confident of the accuracy of the data provided.

HM Treasury (HMT)

20. HMT published a [written ministerial statement](#) confirming the rates of annual revaluation for all the public sector schemes together with pensions increase applicable for April 2023. For the LGPS this is confirmed as 10.1% for both CARE revaluation and pensions increase.
21. The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 were laid on 6 February 2023. These regulations are relevant for the implementation of McCloud, however at present do not cover Teachers with excess service who will need to be put into the LGPS as part of the McCloud remedy. The LGA have published a commentary on the regulations that may be relevant to the LGPS.
22. The Spring Budget 2023 was held on 15 March 2023 and the Finance (No.2) Bill was published on 23rd March 2023 and with effect from 6 April 2023 proposes to enact some of the changes announced at the Spring Budget. In particular affecting the LGPS the changes are:
 - Increasing the Annual Allowance (AA) from £40,000 to £60,000 from the tax year 2023/24.
 - Increasing the Money Purchase AA from £4,000 to £10,000 from the tax year 2023/24.
 - Increasing the Adjusted income level for the Tapered AA from £240,000 to £260,000 from the tax year 2023/24.
 - Increasing the Minimum Tapered AA from £4,000 to £6,000 from the tax year 2023/24.
 - Abolishing Lifetime Allowance (LTA) charges arising in relation to Benefit Crystallisation Events (BCE) occurring on or after 6 April 2023.
 - Allowing members to accrue new pension benefits, join new arrangements or transfer, without losing enhanced protection or fixed protection where the protection was applied for before 15 March 2023.
 - Except where protections apply, capping the maximum pension commencement lump sum (PCLS) a member can take to be the lower of 25% of the capital value of the pension benefits the member is taking or 25% of their remaining LTA, if they have not used any LTA then the cap will be £268,275 (being 25% of £1,073,100).
 - Changing the taxation of the LTA excess lump sum, so that it is taxed as pension income and so at the member's marginal rate rather than 55% which applied under the LTA charge.
 - Abolishing the LTA completely from the 2024/25 tax year through a future Finance Bill.

Although the LTA is to be removed fully from April 2024, there is still much that needs resolving as the information is still required to assess how much LTA members have previously used and how much they have taken as a PCLS previously.

23. It was also announced within the [Spring Budget](#) that DLUHC will launch two new consultations on LGPS investment.
 - The first consultation will focus on LGPS pooling, with the government challenging the LGPS in England and Wales to 'move further and faster on consolidating assets'. The consultation will include proposals for the LGPS funds to transfer all listed assets into their pools by March 2025 and set direction for the future, which might include moving towards a smaller number of pools in excess of £50 billion to optimise benefits of scale. It was highlighted that while pooling has delivered substantial benefits so far, 'progress needs to accelerate to deliver and the government stands ready to take further action if needed'.

- The second consultation will focus on investments and include proposals for LGPS funds to consider opportunities in illiquid assets such as venture and growth capital. This has been a long-term ambition from Government, who in February 2022 suggested LGPS funds set out plans for investing up to 5% of their assets in projects that support local areas.

It is not known however when the government will look to launch these consultations.

24. Within the Finance (No.2) Bill, clause 25 will introduce a new section to the Finance Act 2004 to allow members who contribute to a net pay arrangement, such as the LGPS, whose taxable income is below their personal allowance, to be able to claim tax relief on the pension contributions they have paid into the scheme. This will not come into effect until 6 April 2024 and the government will pay a top-up payment in the following tax year in which the contributions were paid. Those eligible will be notified by HMRC and invited to provide the necessary details to HMRC to enable the top-up payment to be paid direct to their bank account.
25. In a [written ministerial statement](#) on 30 March 2023 it was announced that the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate changed. This is used to determine actuarial factors across the Public Service Pension Schemes and as a result DLUHC confirmed that calculations for certain non-club transfers, certain interfund/intrafund, certain non-club cash transfer sums and all cash equivalent values (CEV) for divorce purposes must immediately be suspended. It is expected that DLUHC will issue new transfer factors in April/May and the remainder of the Scheme's actuarial factors will be amended in due course. Their intention is to introduce the revised factors over a four-month period starting from April 2023.

HMRC

26. HMRC published [Pension Schemes newsletter 148](#), which summarises all the announcements in the Budget on 15 March 2023 in connection with tax relieved pension savings.
27. HMRC published a [Lifetime Allowance guidance newsletter](#) on 27 March 2023 which provides further information on PCLS's, LTA protections and how to pay and report lump sums that would have previously incurred an LTA charge but are now subject to tax as pension income.

Department for Work and Pensions (DWP)

28. The DWP have issued a [press release](#) confirming they support the private member's bill expanding auto enrolment. The proposal is to remove the Lower Earnings limit for contributions and reduce the age for eligible jobholders from 22 to 18.
29. The DWP published their [2023 review](#) of the State Pension age which must be regularly reviewed in accordance with the Pensions Act 2014. The review confirms the rise of the State Pension Age to age 67 between 2026 and 2028 remains appropriate but they do not intend to raise this further to age 68 over the period from 2037 to 2039, as was recommended in the review that took place in 2017. However, a further review will take place within the next two years of the next Parliament to consider whether the raise to age 68 should occur earlier and that the report should be published no later than 29 March 2029.
30. DWP have [announced delays to Pension Dashboards connection deadlines](#). They have said the delays are necessary to give the Pensions Dashboards Programme (PDP) the time it needs to meet the challenges in developing the digital architecture. DWP will provide an update on dashboards to Parliament before the summer recess. It is not clear if this will mean a delay to connection deadlines for Public Service Pension Schemes.

The Pensions Regulator (TPR)

31. TPR have confirmed following the announcement by the DWP of the delay to the Pensions Dashboards, that they will write to those schemes affected to confirm when the new deadlines are set. They have also published updated guidance and checklist to help schemes focus on the work they should be doing now to prepare for their dashboard duties.

Other news and updates

32. National LGPS Frameworks is looking to provide two new frameworks, one for Integrated Service Providers (ISP), which is necessary for Pension Dashboards and Member Data Services and the other for Additional Voluntary Contributions (AVCs), which will also cover salary sacrifice AVCs.
33. The Department for Business, Energy and Industrial Strategy launched a [consultation](#) on 12 January 2023 on calculating holiday entitlement for part-year and irregular hours workers. It proposes to pro-rata holiday entitlement for these workers based on the annual hours they work following the recent Supreme Court judgement, Harper Trust v Brazel.
34. The Work and Pensions Committee has published the responses from Government to their report '[Protecting pension savers – five years on from the pension freedoms: saving for later life](#)'. It also includes the responses from the FCA, TPR and MAPs. The report was originally published in September 2022 and looked at who is not saving enough for retirement and how this could be addressed with recommendations.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

36. None.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

37. None.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

39. None.

EQUALITIES AND DIVERSITY

40. There are no equality or diversity issues.

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

42. No next steps are planned

Contact Officers:

Sandy Armstrong Technical Manager
Paul Titcomb Head of Accounting and Governance

Consulted: Local Pension Board Chairman

Annexes:

None

Sources/background papers:

None