

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.30 am on 28 July 2023 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 10 November 2023.

(* present)

Elected Members:

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

In attendance

32/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Brendan Bradley, Siobhan Kennedy and Fiona Skene.

33/23 MINUTES FROM THE PREVIOUS MEETING: 19 MAY 2023 [Item 2]

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

34/23 DECLARATIONS OF INTEREST [Item 3]

There were none.

35/23 QUESTIONS AND PETITIONS [Item 4]

There were none.

36/23 ACTION TRACKER AND FORWARD PLAN [Item 5]

Key points raised during the discussion:

1. It was suggested that the internal audit updates should be moved to the standing items section of the forward plan.
2. The LGPS Senior Officer gave an update to tracker item 7/23 and reported that My Surrey had gone live on 1 June 2023.
3. A Member raised an issue regarding member training. He had received an individual training plan and was surprised to see that anything over three years old was lost and would need to be redone. The LGPS Senior Officer stated that there had been a lot of changes in the LGPS but he agreed to consider this issue as an action.

Actions/ further information to be provided:

1. To reconsider the three-year expiration on training undertaken.
2. To move internal audit updates to standing items on forward plan.

Recommendations:

To note the Forward Plan and Action Tracker.

William McKee arrived at 10.37am

37/23 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 16 JUNE 2023 [Item 6]

Speakers:

Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

1. The LGPS Senior Officer highlighted a few items from the submitted report including:
 - a) The value of the fund was at £5.2b and 127% funded
 - b) The Committee had accepted the recommendation of the Responsible Investment Sub Committee that the net zero date should be 2050 or sooner. However, the vote was not unanimous.
 - c) The Committee had also accepted the revised Investment Strategy.
 - d) The Committee have approved the Fund's Real Estate asset allocation to Border to Coast, gained in September 2020, subject to necessary conditions being met.
2. In response to a Member query on whether any employer was under 100% funded the LGPS Senior Officer stated that not all were fully funding but none were giving any cause for concern. All major employers were fully funded.

Actions/ further information to be provided:

None.

Recommendations:

That the summary of the Pension Fund Committee be noted.

38/23 RISK REGISTER UPDATE 2023/24 QUARTER 1 [Item 7]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance highlighted a few items from the submitted report which included:
 - a) Paragraph 4 of the report explained the teething problems with the implementation of the new financial system as there had been a number of configuration and data transfer issues. Some issues remained – including the leaver notifications for pensions and there were also delayed processing issues.
 - b) The two issues given in paragraph 5 as knowledge/skills gap and work volume/capacity mismatch would be addressed by the Workforce Plan.
 - c) Other changes to the register were outlined in paragraphs 6 and 7 and aligned the register with the funding strategy which gave a holistic view across the whole register.

2. A Member queried when the Business Continuity Plan would next be reviewed and whether that would involve testing. The Head of Accounting & Governance and LGPS Senior Officer confirmed that presently the Cyber security review was a desktop exercise. It was noted that a separate pension business continuity plan was in contemplation, and this would be brought to the Board at the appropriate time.

Actions/ further information to be provided:

That an update be brought to the next meeting on the timeline for production of the Business Continuity Plan.

Recommendations:

That the report be noted.

39/23 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 APRIL 2023 TO 30 JUNE 2023 [Item 8]

Speakers:

Tom Lewis, Head of Service Delivery

Key points raised during the discussion:

1. The Head of Service Delivery gave a detailed precis of the submitted report. Highlights included:
2. There had been a dip in performance this quarter
3. Survivors pension was of concern and staff were tasked to do a deep dive to find the cause. This found that:-
 - The team were overwhelmed with how cases were allocated
 - Calculations were being done manually because of mistrust of the system's calculations
 - Some payments were being withheld in order to pay in one go but this had affected the performance figures

Following the findings these processes had changed:

- A new daily work rota had been launched and reviewed twice a day to ensure work was done on the day it needed to be
 - There was focus on team performance using Altair Insights which identifies issues with training and system.
 - The system calculation was checked and found to be correct and therefore the external calculator had been removed so the system had to be used.
 - Payments were to be made when they were ready to go.
 - The vacancy had been filled.
4. In response to Member queries the Head of Service Delivery explained that:
 - Staff understand that Altair is there to support staff and frequent one-to-one meetings were held with staff to pick up any issues
 - Staff were mainly working at home and were still considering the best blend of home/office working
 5. The Board were reassured that the GMP would be resolved within a year.
 6. The Board praised the team for their work in meeting deadlines for the annual benefit statements.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

40/23 LEGACY RECTIFICATION [Item 9]**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 precis of the submitted report and highlights included:
 - a) 11,000 cases were to be reviewed
 - b) There was a hybrid approach to reducing the backlog that included both internal and external help
 - c) The aim was to have a reduction of 10% of the backlog in the first three months after the full team were in place, and up to 24 months for the completion of all the backlog.
 - d) Both the pension Board and Pension Committee would be kept up to date.
2. In response to a Member query regarding recruitment of the new team members the Head of Service Delivery explained that there would be some internal movements with secondments and others would be recruited on a short term contract.
3. The LGPS Senior Officer spoke about being fit for purpose as part of the strategic plan and that in dealing with the legacy it was important not to have impact on other work.
4. The Head of Service Delivery responded to Members detailed questions about types of cases including transfers in and out and deferrals.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

41/23 CHANGE PROGRAMME UPDATE - QUARTER 2 [Item 10]**Speakers:**

Nicole Russell, Head of Change Management

Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

1. An updated annex was provided and published prior to the meeting.
2. The Head of Change Management highlighted several aspects of the submitted report that included:
 - a) Examples of communications that had been rolled out
 - b) There was an internal focus on developing current staff to motivate and retain
 - c) Projects underway for the improvement programme, and
 - d) The Border to Coast refreshed principles.
3. In response to Member queries, it was reported that:
 - a) The Border to Coast principles only had minor tweaks

- b) A project group with Border to Coast looking at horizon scanning. A report on some of the findings would be submitted to the next Pension Committee.
 - c) The data for the dashboard was related to the outcome of the pulse survey that would be conducted on a six-monthly basis. This was the first survey so in areas such as metrics of people there was nothing to compare to. The next report in six months would include this.
4. A Member asked for further assistance in understanding what various elements of the dashboard meant and how to read the data. The Chairman asked that a glossary be provided.

Actions/ further information to be provided:

That the Head of Change Management would provide further advice outside of the meeting on understanding the dashboard and provide a glossary in future reports.

Recommendations:

That the report be noted.

42/23 INTERNAL AUDIT PROGRESS REPORT JULY 2023 [Item 11]

Speakers:

Liam Pippard, Principal Auditor
Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. The Principal Auditor introduced the submitted report which was now written by Audit rather than the Pension Team. He highlighted that:
 - a) Two audit reports had been completed
 - b) There had been delays to My Surrey so some actions had not been implemented. This would be followed up at an agreed time with the service.
 - c) He also drew attention to the Internal Audit Plan
2. In response to Member queries both the Principal Auditor and LGPS Senior Officer explained that:
 - a) Scope of audits would be agreed with the service. There was a collaborative approach to audit.
 - b) Follow-up audits were not full audits, they looked at the actions from the original audit.
 - c) Dates for upcoming audits were agreed on a quarterly basis dependent on availability of staff.
 - d) Audits were shared with the external auditor.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

43/23 SURREY LOCAL PENSION BOARD ANNUAL REPORT 2022/23 [Item 12]

Speakers:

Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

1. Members had pointed out where several corrections were needed in the report regarding interest details and attendance records. These would be corrected before sending the report to the Pension Committee.

Actions/ further information to be provided:

To correct the Register of Interests and attendance sections of the report before submitting to the Pension Committee.

Recommendations:

That the report be noted.

44/23 UPDATE ON CYBER SECURITY AND BUSINESS CONTINUITY [Item 13]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Liam Pippard, Principal Auditor

Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

1. The Head of Accounting & Governance gave a brief introduction to the submitted report and the Principal Auditor stated that it was hoped to start the audit in this quarter.
2. A Member queried the business continuity side of the report as it appeared to focus on cyber security. The Head of Accounting & Governance stated that a specific plan would be needed for each of these topics. The LGPS Senior Officer stated that this would be added to the forward plan and discussed outside of the meeting. The Member requested an update to this at a future meeting.

Actions/ further information to be provided:

That an update on business continuity be brought to a future meeting and added to forward plan.

Recommendations:

That the report be noted.

45/23 LGPS UPDATE (BACKGROUND PAPER) [Item 14]

Speakers:

Sandy Armstrong – Technical Manager

Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

1. Siobhan Kennedy submitted questions as Union's member representative which the Chairman took in her absence. These were:-
 - a) I along with many members are very concerned over the proposed changes put forward by the government about how a proportion of our pensions may be invested in the future. The members main concerns have been around our fiduciary duties being compromised by having to invest in risky investments. Also around losing local control over investments especially if all mainly coming under Border to coast.
 - b) Will we see the proposed boards response and be able to contribute to it?
 - c) Will we as a local board be able to issue a response or will we be part of one from Border to Coast?

2. The LGPS Senior Officer highlighted several issues from the submitted report:
 - a) paragraph 15 of the submitted paper gave details of the important new legislation and that impacts of this were still being considered.
 - b) Paragraph 8 detailed the Government consultation to which Siobhan's questions referred. The Government wanted to see the pace of pooling being accelerated and further collaboration between pools. The consultation ran until October 2023.
3. In response to Siobhan's questions the LGPS Senior Officer stated that:
 - a) The fiduciary duty was paramount
 - b) Outlined the process whereby the draft consultation response would be shared
 - c) Border to Coast would make their own response
 - d) The Pension Board were able to make their own response if they wished.
 - e) The Pension Board would need to be comfortable that the response corresponds with the fiduciary duty.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

46/23 DATE OF THE NEXT MEETING [Item 15]

The next meeting is scheduled for Friday, 10 November 2023.

Meeting ended at: Time Not Specified

Chairman