

## Notice of Meeting

# Surrey Local Pension Board



**Date & time**  
Friday, 28 July 2023  
at 10.30 am

**Place**  
Woodhatch Place,  
Cockshot Hill, Reigate

**Contact**  
Angela Guest  
angela.guest@surreycc.gov.uk

**Chief Executive**  
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](mailto: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](mailto: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: 19 MAY 2023

(Pages 5  
- 10)

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 (24/07/23).
2. The deadline for public questions is seven days before the meeting (21/07/23)
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

### 5 ACTION TRACKER AND FORWARD PLAN

(Pages  
11 - 14)

The Board is asked to review its Action Tracker and Forward Plan.

### 6 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 16 JUNE 2023

(Pages  
15 - 20)

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 2023/24 QUARTER 1

(Pages  
21 - 34)

This report considers changes made to the risk register for the Surrey Pension Team in Quarter 1 of 2023/24.

- 8 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 APRIL 2023 TO 30 JUNE 2023** (Pages 35 - 56)
- The purpose of this report is to provide an update on the current status and progress against any specific target dates.
- 9 LEGACY RECTIFICATION** (Pages 57 - 60)
- The purpose of this report is to inform the Board of the proposed plans being put in place to drive down the backlogs within Service Delivery and the Accounting and Governance Teams.
- 10 CHANGE PROGRAMME UPDATE - QUARTER 2** (Pages 61 - 102)
- This paper details the Change Team Quarterly Report for the period April – Jun 2023.
- 11 INTERNAL AUDIT PROGRESS REPORT JULY 2023** (Pages 103 - 112)
- The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter one and provide an update on any high priority actions due for implementation.
- 12 SURREY LOCAL PENSION BOARD ANNUAL REPORT 2022/23** (Pages 113 - 124)
- This report summarises activities of the Local Pension Board during 2022/23.
- 13 UPDATE ON CYBER SECURITY AND BUSINESS CONTINUITY** (Pages 125 - 132)
- This report considers the review of Cyber Security work recently completed by the Surrey Pension Team.
- 14 LGPS UPDATE (BACKGROUND PAPER)** (Pages 133 - 140)
- This report considers recent developments in the LGPS.
- 15 DATE OF THE NEXT MEETING**
- The next meeting will be on Friday, 10 November 2023.

**Joanna Killian**  
**Chief Executive**  
 Published: Thursday, 20 July 2023

### **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, Council has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

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

*Thank you for your co-operation*



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

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

(\* present)

**Elected Members:**

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

**In attendance**

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

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

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

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

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

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

**19/23 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**20/23 QUESTIONS AND PETITIONS [Item 4]**

There were none.

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

**Key points raised during the discussion:**

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

**Recommendations:**

The Board noted the tracker and forward plan.

## **22/23 CHANGE PROGRAMME UPDATE [Item 10]**

### **Speakers:**

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

### **Key points raised during the discussion:**

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

### **Actions/ further information to be provided:**

None.

### **Recommendations:**

The Board noted the update.

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

### **Speakers:**

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

### **Key points raised during the discussion:**

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

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

**Actions/ further information to be provided:**

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

**Recommendations:**

The Board noted the report.

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

**Speakers:**

Paul Titcomb, Head of Accounting & Governance

**Key points raised during the discussion:**

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

**Actions/ further information to be provided:**

None.

**Recommendations:**

The Board noted the report.

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

**Speakers:**

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

**Key points raised during the discussion:**

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

**Actions/ further information to be provided:**

None.

**Recommendations:**

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

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

**Speakers:**

Tom Lewis, Head of Service Delivery

**Key points raised during the discussion:**

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

**Actions/ further information to be provided:**

None.

**Recommendations:**

The Board noted the report.

**27/23 INTERNAL AUDIT UPDATE [Item 11]**

**Speakers:**

Paul Titcomb, Head of Accounting & Governance

**Key points raised during the discussion:**

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

**Actions/ further information to be provided:**

None.

**Recommendations:**

The Board noted the report.

**28/23 2022 VALUATION [Item 12]**

**Speakers:**

Paul Titcomb, Head of Accounting & Governance

**Key points raised during the discussion:**

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

**Actions/ further information to be provided:**

None.

**Recommendations:**

The Board noted the report.

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

**Speakers:**

Neil Mason, Assistant Director, LGPS Senior Officer

**Key points raised during the discussion:**

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

**Actions/ further information to be provided:**

None.

**Recommendations:**

The Board noted the report.

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

**Speakers:**

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

**Key points raised during the discussion:**

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

**Actions/ further information to be provided:**

None.

**Recommendations:**

The Board noted the report.

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

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

Meeting ended at: 12.32 pm

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**Chairman**

## 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.

<b>KEY</b>			
	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
19 February 2023 22/22	Summary of the Pension Fund Committee Meeting 16 June 2023	Training of Committee Members provided by Border to Coast on Real Estate	Board Member	05 June 2023	Request to share training material from Border to Coast on Real Estate with Member	Complete

COMPLETED (Will be deleted from tracker for next meeting)

Date of meeting and reference	Item	Recommendations/ Actions	To	By When	Response	Progress



# Surrey Local Pension Board: Forward Plan

Date	Standing items	New items to be confirmed
	<ol style="list-style-type: none"> <li>1. Pension Committee including Border to Coast update (Summary paper)</li> <li>2. Risk Registers</li> <li>3. Administration update and performance report:</li> <li>4. Recent Developments in LGPS.</li> </ol>	<ol style="list-style-type: none"> <li>1. Policy review (dates TBC)</li> <li>2. Update on compliance with the SAB Good Governance Report</li> </ol>
<b>28/07/2023</b>	<ol style="list-style-type: none"> <li>1. Change Programme Update</li> <li>2. Internal audit update</li> <li>3. Annual report</li> <li>4. Business continuity report</li> <li>5. Cyber security</li> <li>6. Legacy Rectification</li> </ol>	
<b>10/11/2023</b>	<ol style="list-style-type: none"> <li>1. Change Programme Update</li> <li>2. Internal audit update</li> <li>3. External 2022/23 Audit update</li> </ol>	
<b>Q1 DATE TBC</b>	<ol style="list-style-type: none"> <li>1. Change Programme Update</li> <li>2. Internal audit update</li> <li>3. Training Policy</li> <li>4. Communications Policy</li> <li>5. Internal Audit update</li> <li>6. External 2022/23 Audit update</li> </ol>	
<b>Q2 DATE TBC</b>	<ol style="list-style-type: none"> <li>7. Change Programme Update</li> <li>8. Internal audit update</li> <li>9. External 2022/23 Audit update</li> </ol>	

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.

# **Surrey Local Pension Board: Forward Plan**

**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE: 28 JULY 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE AND COMMERCIAL****SUBJECT: SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 16 JUNE 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.

**GLOSSARY**

BCPP	- Border to Coast Partner Funds
ESG	- Environmental, Social and Governance
LAPFF	- Local Authority Pension Fund Forum
LGIM	- Legal and General Investment Management
LGPS	- Local Government Pension Scheme
RI	- Responsible Investment
SDG	- Sustainable Development Goals
SPT	- Surrey Pension Team

**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.

**Background**

1. The Committee met on 16 June 2023. This report provides a summary of this meeting and any decisions made.

**Strategic 3 -Year Plan**

2. The Head of Change Management, Nicole Russell presented the Surrey Pension Team (SPT) Strategic 3 Year Plan (the Plan). The Plan sets out how the SPT will achieve its Vision and Mission.
3. The Chair requested sight of Communications in particular newsletters to our members, employers etc. These newsletters are available on our website and are also included as part of the Board update from Service Delivery. Officers will work with the Chair on how best to share this information.
4. The Committee noted and endorsed the Plan.

**Summary of the Local Pension Board Report**

5. The Board report provides a summary of administration and governance issues reviewed by the Board at its last meeting on 19 May 2023 for noting by the Pension Fund Committee.
6. The Chair of the Board, Tim Evans, specifically highlighted: the transition of the financial system from SAP to MySurrey (Unit4); the quarterly performance for administration; and the greater focus of training for the Board and Committee Members.
7. A Member of the Committee asked for an update on the current position for the go live of MySurrey. The Head of Accounting and Governance, Paul Titcomb, confirmed: MySurrey had gone live as expected; the platform appears stable; some data and processes still to be fully transitioned. It was confirmed suitable contingencies are in place, if required.
8. The Committee was informed that whilst the risks associated with the implementation of MySurrey had lessened, work continues with Surrey Payroll to ensure we have accurate data for Scheme employers.
9. The second question related to the backlog of deferred status and the approach to deal with this. The Head of Service Delivery, Tom Lewis, highlighted the progress made by the team on the legacy plan. This work has involved carrying out detailed analysis and benchmarking to other Pension Funds of similar size; commencing the recruitment of a separate team to process the deferred cases; and agreement to outsource the more complex cases of transfers. A report on progress on the legacy plan is detailed elsewhere within this agenda.
10. The Committee noted the report.

**Investment Manager Performance and Asset/ Liabilities Update**

11. The Committee noted the main findings of the report in relation to the current value of the Fund (£5.2bn) and its funding level (127%); performance returns and asset allocation as of 31 March 2023.

12. The following points were highlighted:

- a) The discounted liabilities are still at the lower levels, with a sharp improvement over the course of the year. Members of the committee were reminded this is a snapshot and involved a lot of assumptions.
- b) The Head of Investment and Stewardship, Lloyd Whitworth, confirmed that overall asset values were up and the liabilities flat, providing a relatively strong position.

### **2022 Valuation Update**

- 13. The report was presented to the Committee by the Actuary, Steven Scott, from Hymans Robertson who confirmed the Pension Fund valuation was completed, signed off and submitted on time. Employers are now paying the new contribution rates and a constructive feedback session has taken place with Officers to understand how the process could be improved in the future.
- 14. The Committee noted the completion of the actuarial work for the 2022 triennial valuation including the report from the actuary and approved the up-to-date Rates and Adjustments Certificate dated 2 June 2023.
- 15. Steven Scott from Hymans Robertson agreed to circulate to member of the Board and Committee the [report LGPS – 2022 Valuation the big picture](#).

### **Company Engagement & Voting Update**

- 16. This report detailed Environmental Social and Governance (ESG) issues undertaken by LAPFF and Robeco and voting by the Fund for the quarter ending 31 March 2023.
- 17. The report provided links to: the quarterly engagement report from LAPFF; and the Active Ownership Reports from Robeco and Legal & General Investment Management (LGIM). The Committee reaffirmed:
  - a) the Fund's belief that the United Nations Sustainable Development Goals (UN SDGs) represent an appropriate foundation in terms of the Fund's overall Responsible Investment (RI) approach; and
  - b) that ESG Factors are fundamental to the Fund's approach, consistent with the Mission Statement through:
    - i. Continuing to enhance its own RI approach, its company engagement policy, and SDG alignment.
    - ii. Acknowledging the outcomes achieved for quarter ending 31 March 2023 by Robeco and LGIM in their Active Ownership approach and the LAPFF in its engagement with multinational companies.

### **Asset Class Focus- Equity**

18. The Committee received a report from the Fund's Independent Advisor, presented by Steve Tyson (on behalf of Anthony Fletcher) from MJ Hudson who reported on the Fund's passive funds that are managed by LGIM, and the active funds that are managed by Border to Coast Pension Partnership (BCPP) and Newton Investment Management.
19. The Committee was introduced to Joe McDonnell, recently appointed as the Chief Investment Officer at BCPP who provided an update on the risk position of the UK Equity Alpha fund.
20. A Member requested to see comparative performance data for the LGIM market capitalisation weighted fund and ESG-related funds.
21. A Member of the Committee requested for BCPP to produce future reports and presentation that are specific to Surrey.
22. The Committee noted the Fund's current equity holdings, respective investment performance and the review from the Fund's Independent Investment Adviser.

### **Responsible Investment Update**

23. The Fund's Investment Consultant, Steve Turner from Mercer, presented the report to the Committee.
24. The Committee:
  - a) accepted the recommendation of the Responsible Investment Sub Committee (RISC) that the net zero date for the Fund's investments should be 2050 or sooner;
  - b) approved the re-wording of the 'engagement with consequences' section of the RI policy;
  - c) approved the updated voting policy; and
  - d) agreed that Mercer would review again whether more of the Part 2 annexe items could be put into Part 1 of the meeting.

### **LGPS Update (Background Paper)**

25. The Committee noted the report providing an update of recent developments in the LGPS.

### **Investment Strategy Review- Employer Strategies, Fixed Income Weights & Investments Strategy Statement (Part two)**

26. The Committee considered a Part 2 report that explained the Pension Fund was reviewing the Investment Strategy in accordance with the 2022 valuation. Having

previously analysed the employer strategies, fixed income weights and Investment Strategy Statement.

### **Real Estate Update (Part two)**

27. The Committee were provided with the developing range of Real Estate funds that BCPP Partner Funds can invest in. Government guidance expect the LGPS to use pooling when products are available. 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; and
- 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.

### **Border to Coast Pensions Partnership Update (Part two)**

28. An update of current activity being undertaken by BCPP was presented to the Committee.

29. The Committee noted that compliance with the "necessary conditions" of governance for the BCPP Emerging Market equity investment proposition have been met and that a commitment consistent with the Surrey Pension Fund target asset allocation to merging Market Equity can commence.

30. The Committee also noted the background and progress of BCPP activity, including details of the following:

- a) BCPP Joint Committee (JC) meeting of 21 March 2023; and
- b) the schedule of activity of BCPP since the last Committee meeting of 10 March 2023 until the end of the calendar year.

### **CONSULTATION:**

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

### **RISK MANAGEMENT AND IMPLICATIONS:**

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

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

### **DIRECTOR OF CORPORATE FINANCE AND COMMERCIAL**

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

### **LEGAL IMPLICATIONS – MONITORING OFFICER**

35. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY**

36. There are no equality or diversity issues.

### **OTHER IMPLICATIONS**

37. There are no other implications.

### **WHAT HAPPENS NEXT**

38. The following next steps are planned:

- a) Further updates will be provided to the Board at its next meeting on 28 July 2023.

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**Contact Officer:**

Adele Seex – Governance Manager

**Consulted:**

Local Pension Board Chairman

**Annexes:**

- None

**Sources/Background papers:**

- None
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**SURREY COUNTY COUNCIL**

**LOCAL PENSION BOARD**

**DATE: 28 JULY 2023**

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

**SUBJECT: RISK REGISTER UPDATE 2023/24 QUARTER 1**



#### **SUMMARY OF ISSUE:**

This report considers changes made to the risk register for the Surrey Pension Team in Quarter 1 of 2023/24.

#### **RECOMMENDATIONS:**

The Board is recommended to:

**Note** the content of this report and the Risk Register (Annexe 1).

**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:**

##### **Background**

1. A quarterly assessment of the Pension risk register gives the Board the opportunity to influence and drive the risk management process.
2. 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 is established.
3. 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.

**Risk scores have changed in one area as follows:**

4. Following the accounting system transition new issues are being encountered and addressed and there is much still to do. However, the risk score has been reduced to reflect lower expectation of severe adverse impacts.

<b>New financial system implemented</b>	4.1	Risk 16 is that implementation of new financial systems leads to delayed processing, data integrity issues or financial loss. While there is still some work to do on a number of configuration elements and reporting, the cutover was actioned in early June.
<b>Issues remain but very high impact risk score reduced</b>	4.2	Several data population and access availability issues have followed the initial go live date and process backlogs have built up as teams gain familiarisation with the new system. Delayed processing remains a risk, due primarily to ongoing access or configuration issues (especially in relation to payroll interfaces), but the very high impact risk score has been reduced. This will, of course, remain under review.

**Top risk areas commentary**

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

Risk	<b>Skills / knowledge gaps lead to inefficiency and poor performance</b>	<b>Work volume mismatch with operational capacity leading to backlogs</b>
Risk ID	9	11
Score	16	16
Comment	This risk remains with some potential single points of failure within the organisational structure.	Legacy issues have been highlighted as a result of recent improvement focus.
Action	A preliminary review of the organisational structure has been undertaken for resilience and succession planning. A workforce plan is in preparation, with early actions on high priority elements.	Backlogs across the whole service are receiving priority attention and identified for action in the Business Plan for 2023/24. An initial assessment of resource requirements for dealing with backlogs has been undertaken – consequential steps are underway. A sub-risk in the register reflects specific issues regarding availability of resources.
Residual risk	Remains a risk – pending completion of actions arising from workforce plan.	Remains a risk pending progress on resolution of legacy issues and bedding in of new financial systems.

## Changes to risk register reflect alignment to Funding Strategy Statement

6. A new column 'FSS x-ref' has been added to the register to reflect the cross reference of risks outlined in the Funding Strategy Statement with the comprehensive risk register.
7. The following changes were made to specific risks following the review of the Funding Strategy Statement to ensure alignment. Changes will be made to the appendix to the Funding Strategy Statement to reflect risks within the main register as appropriate. Further work will be done in due course to ensure greater alignment as each document evolves.

Risk ID	Area	Changes
1	A&G Funding	New sub-risk 1B added to articulate risk on 'orphaned' employers. Management controls for risk 1A updated to reflect data requirements from employers.
2	A&G Funding	Management controls for risk 2C updated to include prospective reviews of potential contractor arrangements.
3	A&G Funding	Changes made to sub-risks to clarify effects and update management controls.
4	Investment	Management controls for risk 4A updated to include actuarial modelling.
5	Investment	Management controls for risk 5A updated to reflect use of specific employer strategies.
6	Investment	Management controls for risk 6B updated to reflect nature of actuarial calculations.
8	Investment	Management controls for risk 8A updated to reflect monitoring of requirement for exit credits.
11	Service Delivery	New sub-risk 11D added to articulate risk on reduced resources due to industrial action, illness or other causes.
13	A&G Technical	Risk 13E cause refined to include HMRC driven changes and anything related to particular employer participation.

**CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

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

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

**DIRECTOR OF CORPORATE FINANCE COMMENTARY**

11. 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**

12. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY**

13. There are no equality or diversity issues.

**OTHER IMPLICATIONS**

14. There are no other implications.

**WHAT HAPPENS NEXT**

15. The risks will be regularly monitored and reporting to the Board will be undertaken.

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**Contact Officers:**

Siva Sanmugarajah  
Paul Titcomb

Risk & Compliance Manager  
Head of Accounting and Governance

**Consulted:**

Local Pension Board Chair

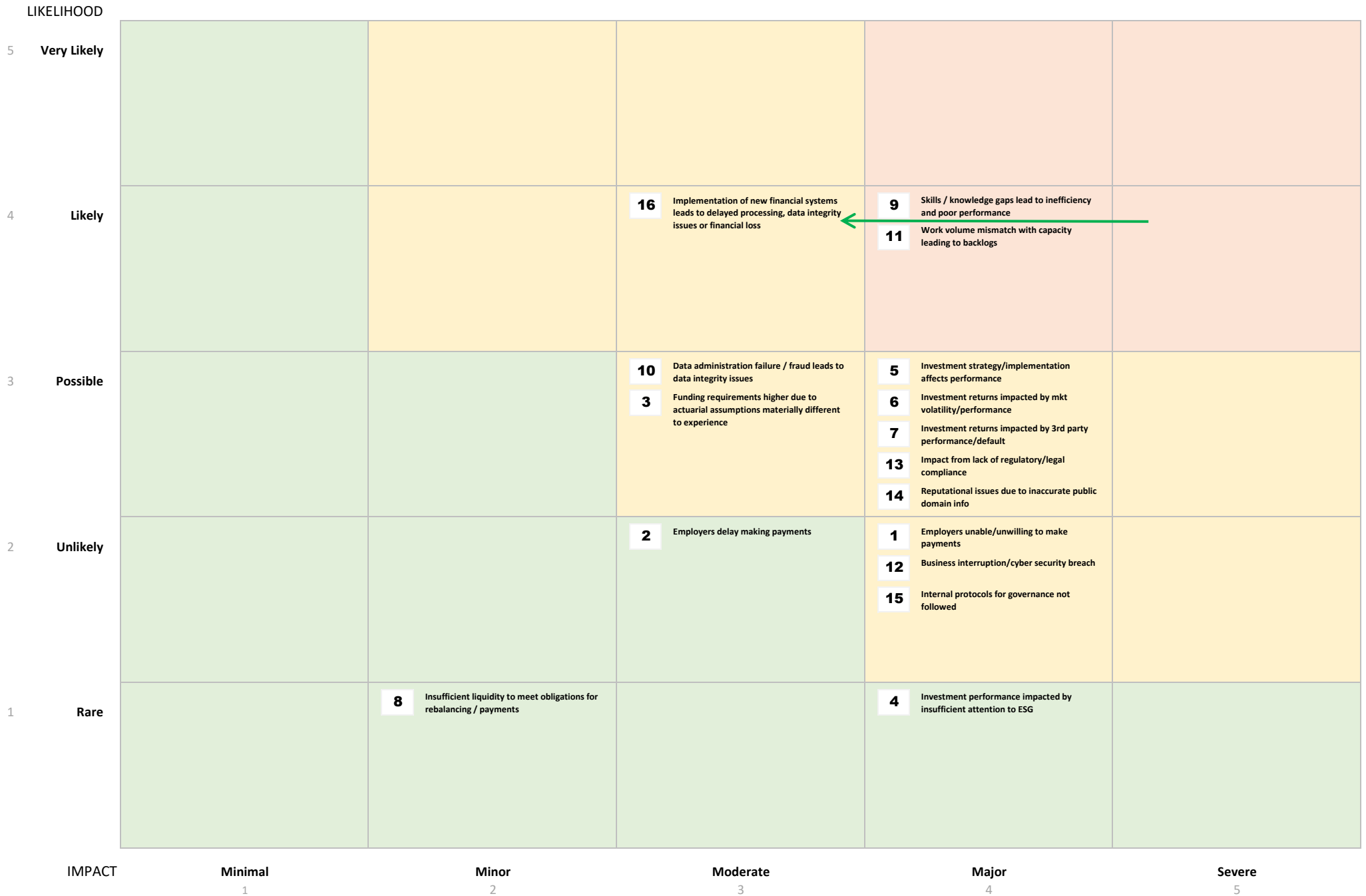
**Annexes:**

Risk Register (June 2023) – Annexe1

**Sources/background papers:**

None.

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

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

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	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	C5-1	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. 7) Required standard of data from employers	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	
		A&G - Funding	1B	C2-6	Shortfall in assets of 'orphaned' employer	Shortfall shared across existing employer population						TREAT 1) Pension Team monitors and understands aggregate exposure 2) Appropriate cessation debt sought on exit 3) Possibly seek guarantee from alternative employer		
2	Employers delay making payments	Service Delivery	2A	C3-3	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	C3-3	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) Review structure of contractors and consider pass-through arrangements		
3	Funding requirements higher due to actuarial assumptions materially different to experience	A&G - Funding	3A	C2-4	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 assumptions of the Fund actuary are prudent and allow for variations in inflation and interest rate fluctuations. 2) The fund regularly monitors and acts on inflation exposure.			
		A&G - Funding	3B	C3-1	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	C2-4	Pay increases are significantly more than anticipated for employers within the Fund.	Pension liability increases (for pre-2014 liabilities)						TREAT / TOLERATE- 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation 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. 4) Proportion of liabilities linked to final salary diminishing over time.		
		A&G - Funding	3D	C2-5	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. 3) Stabilisation modelling undertaken early in the valuation cycle.		
		A&G - Funding	3E	C3-2	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 (full replacement assumed for active employers). The fund has regular communications with employer to allow them to flag up major changes in workforce. 2) Need to consider worst case assumptions about diminishing workforce when carrying out the actuarial valuation.		
		A&G - Funding	3F	C4-2	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. 3) Advice from Fund actuary on issues related to Section 13 analysis		

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	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	C7	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. 8) Actuarial modelling undertaken (climate change impacts on longevity outcomes in prospect)	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	C2-2	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. 6) Individual investment strategies for employer groups.		
		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	FSS x-ref	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	C2-1	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) 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. 5) Actuarial calculations assess a likelihood of achieving a set of returns over the long term		
7	Investment returns impacted by third party or counter party performance/default	Investment	7A	C2-3	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	C5-2	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	FSS x-ref	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	C5-5	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. 5) Ongoing monitoring of requirement for exit credits.		
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 IPR 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	FSS x-ref	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	C5-3	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
		Service Delivery	11D		Operational capacity impacted by unavailability of key resources through industrial action, illness or other causes	Inefficiency and poor performance.					TREAT/TOLERATE 1) Assessment of potential impacts ahead of time. 2) Prioritisation of activities with reduced resources. 3) Business continuity plans regularly reviewed.		
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.		

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	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	C4-1	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	C4-1 & C4-3	Failure to comply with changes in LGPS and/or HMRC regulations (including any changes related to particular employer participation)	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	FSS x-ref	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	3	12	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: 28 JULY 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE AND COMMERCIAL****SUBJECT: ADMINISTRATION PERFORMANCE REPORT AND UPDATE  
1 APRIL 2023 TO 30 JUNE 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><b>McCloud:</b> 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><b>Guaranteed minimum pension (GMP) Reconciliation Project:</b> 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 83% and specifically for the tPR work areas this is 85%.
4. Performance has decreased overall during this quarter. Particular areas that have been affected include survivors' benefits and the acknowledgement of retirement. The team working on these cases have been operating with one vacancy for the quarter however, investigations are underway to identify and resolve the performance issues in this area.



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 **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 22 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:**

Three appeals were determined in this period.

A member looking to retire received estimates but pay information used in calculating the benefits varied. Upon retirement the member experienced a delay in payment of the benefits. The Pension Team had difficulty in obtaining accurate pay information for the employer. The appeal was partially upheld, and the member awarded £500 compensation.

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

A member experienced delays at the point of retirement and elected for payment of their AVC fund as tax free cash. Upon disinvestment of the AVC, the value had fallen. The appeal was not upheld as AVCs are subject to market conditions and the member has already been offered £500 compensation for delays experienced.

#### **9. Stage 2 appeals determined:**

One appeal was determined in this period and not upheld.

A member applied to take their pension, after the age of 65, was not informed of pending changes to the late retirement uplift, which would have a detrimental effect on their benefits. At stage 1, the adjudicator determined that they should be given the opportunity to apply for their benefits to be backdated. The stage 2 adjudicator upheld the stage 1 decision.

#### **10. Pension Ombudsman appeals**

No new Pensions Ombudsman appeals were received in this period.

### **Update on Log of Breaches (potential breaches)**

11. There are no breaches to report this period.

## Customer Relationship Team

In quarter 1 the CRT handled a total of 11,191 enquiries. An average of 89% 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	178
Email	5310
Telephone	5672
<b>Total</b>	<b>11,191</b>

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

## Guaranteed Minimum Pension (GMP)

13. At the previous Board meeting it was agreed a more detailed update would be provided, along with clarity on key actions from the project plan. Details are as follows.

14. In June 2023 all required member data was sent to Mercer. Using this data, analysis will now be carried out and it is expected that by 1<sup>st</sup> September 2023 all clean data will move to Mercers calculation team and, any discrepancies or exceptions will be reported back to Surrey Pensions for investigation.

15. It is expected by no later than January 6<sup>th</sup> 2024 a detailed report will be provided by Mercer presenting the financial impact on the members and the fund. This report will contain the details of over and underpayment figures plus, any cases that are categorised as a stalemate.

16. From here it is then expected all final calculations will be supplied to Surrey Pension Team by the end of January 2024, with a view of these being updated in the administration system.

17. This will trigger a large-scale engagement with the affected members, providing clarity over how it will affect their individual benefit.

18. It is therefore planned at the next Board meeting to propose a rectification approach which will allow the project to proceed on how to treat all affected members, both those who maybe over or under paid.

19. It should be noted that the project team are currently liaising with Mercer on the suggested dates within the plan, with a view to bring the dates forward, mitigating the risk of getting too close to pension increase in 2024.

## Annual Benefit Statements

20. The production of approx. 20,000 active statements and 40,000 deferred statements have been issued.

21. Communications will take place during July – August, alerting members their statement is available on the portal. Where members have opted out of digital communication, these will be printed and distributed in August 2023.
22. Work continues on processing the remainder of employer year end returns in line with the August 31<sup>st</sup> deadline.

### **McCloud**

23. Work continues to obtain all the necessary information from our scheme employers and currently 115 returns out of 127 expected returns have been received from employers/payroll providers. This is an increase of 2 returns from the previous quarter.
24. 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.
25. Work with our third-party supplier, who is carrying out data quality checks on all employer returns, has been fairly inactive in recent weeks as we await further data from Surrey County Council Payroll. After initial assessments it was recognised, key data was missing from their return and this would be required before carrying out further works.
26. It is anticipated the data will be supplied to Surrey Pensions by the 14<sup>th</sup> July 2023 and is being actively monitored by our designated Project Manager.

### **Pension Dashboard**

27. The recent announcement in June 2023 has confirmed go live date for the dashboard will be delayed. Whilst a connection deadline has been set for all schemes by October 31<sup>st</sup>, 2026, a transition plan is expected in the coming months, detailing specific dates for all schemes.
28. Whilst there has been a delay, the timeline is not expected to drastically change and therefore, work will continue with data cleansing to support the dashboard readiness. The service will use this extended period to rectify data discrepancies and, further embed data cleansing into day-to-day operations.

### **Legacy Case Reduction**

29. Information on this key work area can be found in the supplementary report.

### **Cost of Living**

30. Through various channels such as newsletters, annual benefit statements and by attending wellbeing events where possible, the service continues to provide support and guidance to members and employers, in relation to the current financial climate.

31. The LGA previously requested from all schemes within the LGPS to review their membership and identity any trends where this may have impacted scheme opt outs or moves to the 50:50 scheme.
32. Details of this can be found below and show no obvious links at this stage.

<b>Financial year ending</b>	<b>Opt out rates</b>
2019	22
2020	16
2021	26
2022	27
2023	30
<b>Total</b>	<b>109</b>

<b>Financial year ending</b>	<b>50/50 Scheme Changes</b>
2019	142
2020	167
2021	91
2022	131
2023	158
<b>Total</b>	<b>594</b>

### **Pension Administration System Developments**

33. In collaboration with our system supplier, the implementation of several enhancements has been completed or are in progress. Updates can be seen below:
- i. Retirement process review – in progress
  - ii. Transfer In process review - TBC
  - iii. Automated payroll arrears processing - complete
  - iv. Multiple payroll module - TBC
  - v. Address look up facility - complete
  - vi. Bank account verification - complete

### **CONSULTATION:**

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

### **RISK MANAGEMENT AND IMPLICATIONS:**

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

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

**DIRECTOR OF CORPORATE FINANCE AND COMMERCIAL**

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

**LEGAL IMPLICATIONS – MONITORING OFFICER**

38. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY**

39. There are no equality or diversity issues.

**OTHER IMPLICATIONS**

40. There are no other implications.

**WHAT HAPPENS NEXT**

41. The following next steps are planned:

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

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**Contact Officers:**

Tom Lewis – Head of Service Delivery

**Consulted:**

Local Pension Board Chair

**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

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**KPI Performance: April - June 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%	92%	6	217	205	2	44	0.5
SURVIVOR'S PENSIONS (tPR)	10 working days	90%	69%	15	108	68	23	37	20
DEATH BENEFITS PAYABLE (tPR)	10 working days	90%	79%	27	70	58	24	6	25
BALANCE OF PAYMENTS (tPR)	10 working days	90%	86%	69	244	218	59	5	16
RETIREMENT (COMPLETE) (tPR)	15 working days	85%	79%	264	452	330	288	65	52
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	15 working days	90%	94%	6	17	16	4	6	15
REFUNDS (tPR)	20 working days	80%	96%	132	1,357	1,140	280	251	15
RETIREMENT (INITIAL NOTIFICATION)	15 working days	80%	83%	343	754	563	409	143	44
ILL HEALTH RETIREMENT (INITIAL)	15 working days	90%	70%	7	11	7	8	-	69
DEFERRED STATUS	40 working days	80%	89%	3,888	1,261	1,090	3,846	453	212
EMPLOYER ESTIMATE	10 working days	80%	71%	18	74	42	29	42	41
LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	86%	573	383	284	578	177	122
NON-LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	100%	136	6	6	133	35	122
LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	89%	126	290	172	198	63	69
NON-LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	90%	68	59	9	115	45	125
LGPS TRANSFER IN (ACTUAL)	20 working days	80%	85%	528	616	369	678	85	110
NON-LGPS TRANSFER IN (ACTUAL)	20 working days	80%	60%	54	30	28	33	18	71
LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	75%	111	183	66	185	59	168
NON-LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	90%	13	9	9	3	25	20
NEW STARTER	30 working days	80%			874	874			
<b>TOTAL CASE NUMBERS</b>			<b>83%</b>	<b>6,384</b>	<b>7,015</b>	<b>5,554</b>	<b>6,895</b>	<b>1,559</b>	

**Summary**

Investigations into the Survivors Benefits process has been launched to understand what is impacted results in this area.

An improvement plan will be implemented to address this area of concern

Death benefit payments and Ill Health Retirements are being monitored. The vacancy in this area has now been filled and is expected to provide resilience in this team.

LGPS & Non LGPS Transfer Out estimate cases have been affected by recent changes to SCAPE and some placed on hold.

Team working through these daily to reduce the number where the new factors have been updated in the system.

## Performance Table Key

<b>% Completed within SLA</b>	<b>A</b>	Percentage of cases completed in period within SLA.
<b>Case Opening Balance</b>	<b>B</b>	Total cases open at the start of the period (this may vary from the previous month closing balance due to terminated cases).
<b>New cases received</b>	<b>C</b>	Total cases received in reporting period (including terminated). Not all cases are due for completion within period.
<b>Cases completed</b>	<b>D</b>	The total cases completed during period (excluding terminated cases)
<b>Terminated Cases</b>	<b>E</b>	Cases terminated in period due to duplication or set up incorrectly
<b>Closing Balance</b>	<b>F</b>	Cases remaining from period less terminated cases ( $F = B+C-D-E$ )
<b>Future Workload</b>	<b>G</b>	Total number of estimated days to process closing balance cases ( $F/D*60$ working days)
<b>Assumed tolerance of performance SLA</b>		Green = tolerable performance measure met Amber = within 10% of tolerable performance measure Red = more than 10% of tolerable performance measure
<b>Future workload tolerance</b>		Green = less than 1 times the performance standard Amber = within 1 - 2 times more than the performance standard Red = more than 2 times the performance standard



Service Delivery - Performance Trend Analysis - Annexe 2

Performance Trend Analysis

Case Type	KPI Performance Comparison				Future Workload Time Comparison			
	2022/23			2023/24	2022 / 23			2023/24
	Q2 % completed within SLA	Q3 % completed within SLA	Q4 % completed within SLA	Q1 % completed within SLA	Q2 Future Workload	Q3 Future Workload	Q4 Future Workload	Q1 Future Workload
DEATH NOTIFICATION (tPR)	82%	93%	89%	92%	6 days	4 days	1 day	0.5 days
SURVIVOR'S PENSIONS (tPR)	90%	78%	79%	69%	18 days	20 days	10 days	20 days
DEATH BENEFITS PAYABLE (tPR)	86%	79%	91%	79%	16 days	16 days	24 days	25 days
BALANCE OF PAYMENTS (tPR)	93%	88%	94%	86%	9 days	19 days	14 days	16 days
RETIREMENT (COMPLETE) (tPR)	76%	89%	91%	79%	36 days	37 days	40 days	52 days
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	70%	83%	100%	94%	13 days	10 days	24 days	15 days
REFUNDS (tPR)	97%	93%	98%	96%	31 days	13 days	7 days	15 days
RETIREMENT (INITIAL NOTIFICATION)	87%	86%	85%	83%	20 days	23 days	33 days	44 days
ILL HEALTH RETIREMENT (INITIAL)	86%	95%	75%	70%	39 days	69 days	23 days	69 days
DEFERRED STATUS	89%	86%	88%	89%	11 months	11 months	10 months	212 days
EMPLOYER ESTIMATE	78%	68%	89%	71%	12 days	16 days	16 days	41 days
LGPS TRANSFER IN (ESTIMATE)	92%	84%	85%	86%	70 days	113 days	81 days	122 days
NON-LGPS TRANSFER IN (ESTIMATE)	73%	68%	97%	100%	234 days	286 days	215 days	210 days
LGPS TRANSFER OUT (ESTIMATE)	94%	99%	93%	89%	20 days	76 days	24 days	69 days
NON-LGPS TRANSFER OUT (ESTIMATE)	86%	83%	90%	90%	77 days	89 days	62 days	125 days
LGPS TRANSFER IN (ACTUAL)	80%	76%	85%	85%	48 days	70 days	60 days	110 days
NON-LGPS TRANSFER IN (ACTUAL)	84%	65%	92%	60%	66 days	81 days	60 days	71 days
LGPS TRANSFER OUT (ACTUAL)	90%	75%	84%	75%	33 days	76 days	36 days	168 days
NON-LGPS TRANSFER OUT (ACTUAL)	93%	29%	83%	90%	88 days	88 days	41 days	20 days
Average Score	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 Number
Deferred Status	453
Refunds	251
LGPS Transfer In (Estimate)	177
Retirement (Initial Notification)	143
LGPS Transfer In (Actual)	85
Concurrent Service	71
LGPS Transfer Out (Estimate)	63
LGPS Transfer Out (Actual)	59

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 April to June 2023			
Case number	Date Received	Root Cause	Details of Complaint
<b>SUR847378</b>	03/04/2023		<p>This complaint concerned the length of time it had taken for SPT to process a request for a quote to transfer their AVC fund.</p> <p>We failed to act upon the request within our service standard timeframe, and that you member had to contact us to chase a response. A transfer value and relevant forms to proceed have were sent and an apology was offered.</p> <p>Complaint Justified</p>
<b>SUR582377</b>	03/04/2023	Service Quality / Delivery & Poor Communication	<p>This complaint concerned the failure to set up additional pension purchased from an AVC Fund with Prudential. On the 22<sup>nd</sup> November 22 the member claimed payment of LGPS benefits which were processed within SLA.</p> <p>SPT contacted Prudential about the disinvestment of AVC, but the member had to chase on several occasions. The complaint confirmed that SPT had arranged for the additional pension to be added to the main scheme pension in payment.</p> <p>Complaint partially justified.</p>
<b>SUR654068</b>	08/04/2023	Service Quality / Delivery	<p>This complaint concerned the delay in receiving a quotation of deferred pension entitlement. SPT failed to act upon the request within our service standard timeframe of 15 working days, and the member had to contact us again to chase a response.</p> <p>An apology was offered, and the quote was sent on 18 April 2023.</p> <p>Complaint justified.</p>
<b>SUR965825</b>	18/04/2023	Service Quality / Delivery & Poor Communication	<p>This complaint concerns the time delay in transferring the members pension benefits from Creative Pension Trust.</p> <p>We failed to act upon the request within our service standard timeframe. The member had to contact us on a number of occasions to chase a response. As a result, the complaint officer spoke to Creative Pension Trust via phone. Creative Pension Trust confirmed that they have located the outstanding HMRC print in their email inbox and would action the case as a priority.</p> <p>Complaint justified but partly out of Surrey Pensions control.</p>
<b>SUR210531</b>	28/04/2023	Service Quality / Delivery	<p>Complaint about delay in sending pension quotation. Member left employment 28/02/23 and informed our CRT that she wanted to claim her pension immediately. No notes on file to highlight previous calls to state member wanted pension.</p>

Service Delivery – Complaints Summary – Annexe 4

			<p>Employer sent leaver form on 13/03/2023, stating member did not want to take pension. Record deferred with no pension quote sent. Member later called on 18/04/23 to chase quote, workflow set up at that stage and quote sent 3 weeks later.</p> <p>Complaint partially upheld due to poor handling of request.</p>
<b>SUR323921</b>	06/05/2023	Poor Communication	<p>This complaint was concerning we missed the deadline for a guaranteed transfer value, despite the member having communicated correctly as a result the new quote had reduced in value.</p> <p>An apology was offers and SPT agreed to honour the original quote.</p> <p>Complaint justified</p>
<b>SUR526167</b>	10/05/2023	Poor Communication and Service Quality / Delivery	<p>Complaint as pension quotation sent outside of 15 working day standard service timeframe following MSS request for a quote. Separately, complained that she was quoted a 15 working day standard service timeframe for payment following receipt of forms. Member felt that we were not being proactive or listening to her concerns about the delays in making payment.</p> <p>Payments completed within standard service timeframe of 15 working days.</p> <p>Complaint upheld as initial quote was issued outside of 15 working day timeframe, which caused delays and complaint further down the line. Apology issued to member.</p> <p>Complaint justified</p>

Service Delivery – Complaints Summary – Annexe 4

<b>SUR255812</b>	12/05/2023	Administrative Error	<p>This complaint was a failure on SPT informing the member in a timely manner about their ineligibility for a refund. There were significant delays in providing an additional quote regarding the potential actions. Apology issued to member</p> <p>Complaint justified.</p>
<b>SUR597585</b>	19/05/2023	Administrative Error (Payroll)	<p>This complaint concerned an active member moving to into retirement. The delays were with Surrey Payroll actioning leavers data. The response outlined the process and although SPT were still within SLA a quote was issued to the member.</p> <p>Complaint not justified</p>
<b>SUR679035</b>	22/05/2023	Service Quality / Delivery & Poor Communication	<p>This complaint concerned the delay in accessing pension information, to enable member put pension into payment.</p> <p>We failed to act upon the request within our service standard timeframe, and the members had to contact us on a number of occasions to chase a response.</p> <p>All outstanding actions, including combining two periods of service and issuing a retirement quote were closed and apology was offered.</p> <p>Partly justified there was a delay in receiving information from third party before action could be taken</p>
<b>SUR335104</b>	23/05/2023	Decision	<p>Complaint regarding claiming deferred pension benefits, following previous opt out of the scheme.</p> <p>Member complained that it was unfair that they could not claim their pension, after correctly being advised that they could not claim payment until they had left the employment that they had opted out of previously.</p> <p>Complaint not upheld. Explanation of regulations provided to support decision.</p>
<b>SUR399997</b>	30/05/2023	Service Quality / Delivery	<p>This complaint concerns the delays experienced when claiming pensions payments. This was partly retired to do with the member retiring early in the month and SPT not receiving payroll data until the end of month.</p> <p>And partly due to the fact SPT didn't load data/set up case until 18th following month.</p> <p>An apology was issued and confirmation that the payment was set up.</p> <p>Complaint Justified</p>
<b>SUR959792</b>	30/05/2023	Service Quality / Delivery	<p>This complaint was due to a delay in providing a quote for trivial commutation for a dependent's pension. We failed to act upon</p>

Service Delivery – Complaints Summary – Annexe 4

			<p>the request within our service standard timeframe. Advice/Information Given and Apology</p> <p>Complaint justified</p>
<b>SUR497417</b>	02/06/2023	Service Quality / Delivery	<p>This complaint concerned the delay in receiving a pension estimate following the request made via our online system. We failed to act upon your request within our service standard timeframe.</p> <p>Information Given and Apology</p> <p>Complaint justified</p>
<b>SUR010556</b>	06/06/2023	Administrative Error and Poor Communication	<p>Member complained about pension payments as allegedly they were not all made backdated to 1 January 2022 including interest. Complaint also concerned inconsistency in three separate letters member received for three pensions.</p> <p>Complaint response to explain that all pension payments had been made and provide a breakdown. Also provided a pension increase letter for a fourth pension.</p> <p>Information Given and Apology</p> <p>Complaint partially upheld as all payments were correct, but one payment was made later than expected.</p>
<b>SUR958989</b>	06/06/2023	Poor Communication	<p>This complaint related to the communication surrounding the retirement process for claiming deferred pension from the members state pension age.</p> <p>Based on investigation the case was processed within the specified timeframe, and the information was sent via email on 9 June 2023.</p> <p>Apology extended for any inconvenience caused in need for member to contact us.</p> <p>Advice/Information Given and Apology</p> <p>Complaint partially justified.</p>
<b>SUR146791</b>	06/06/2023	Administrative Error	<p>This complaint concerned the delay in receiving a pension estimate. We failed to act upon the request within our service standard timeframe.</p> <p>Information Given and Apology</p> <p>Complaint justified.</p>
<b>SUR885967</b>	15/06/2023	Poor Communication	<p>This complaint concerned the delay in receiving a pension estimate and claim forms.</p>



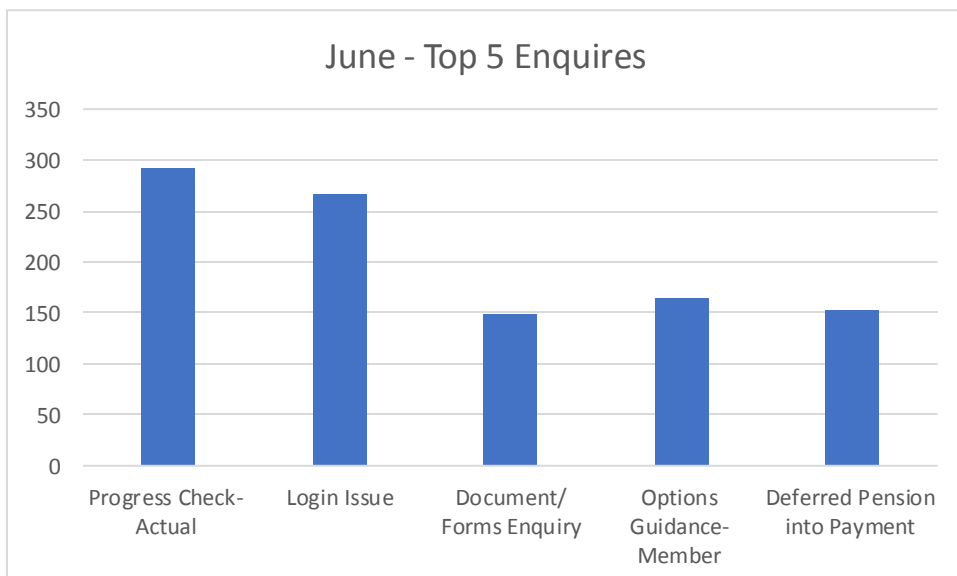
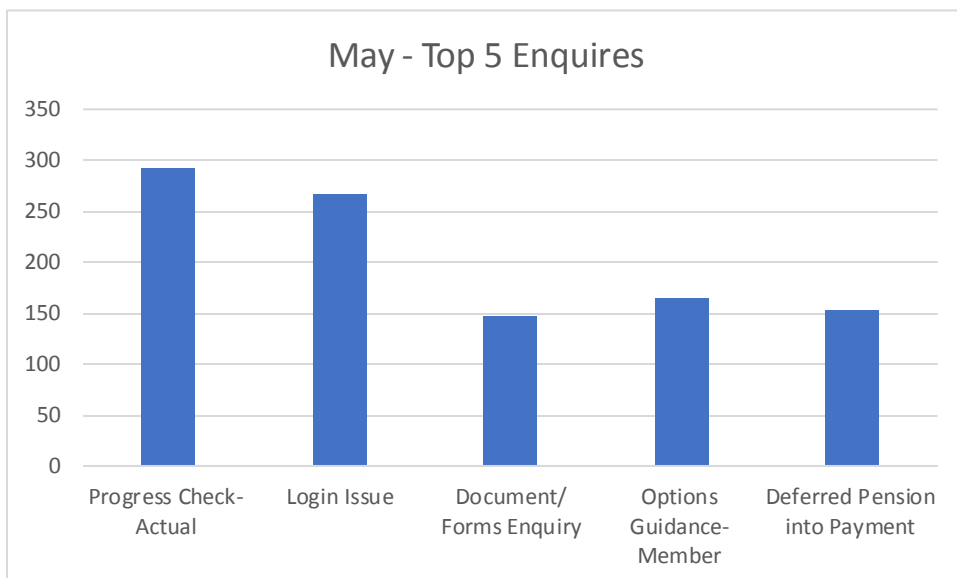
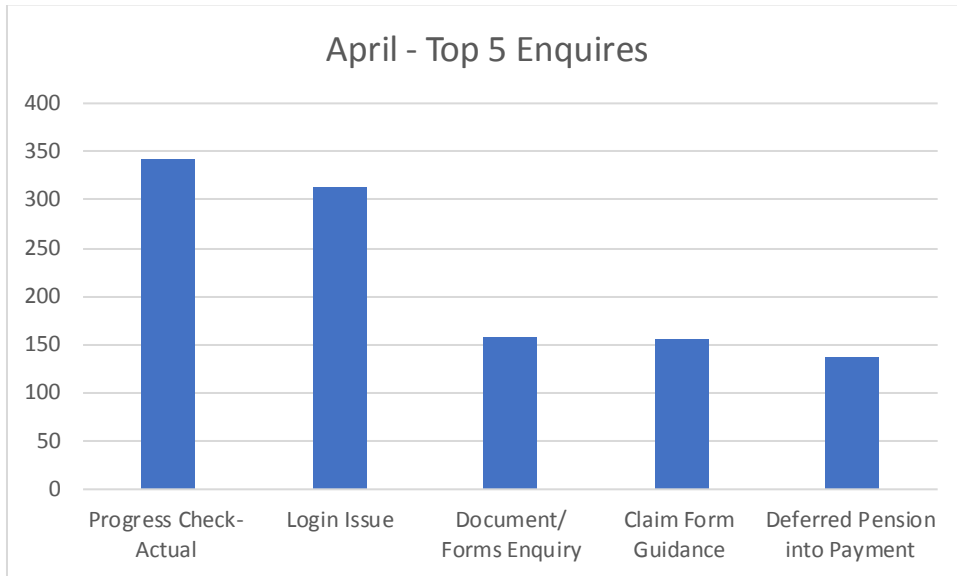
Service Delivery – Complaints Summary – Annexe 4

			<p>We failed to act upon your request within our service standard timeframe.</p> <p>A timeframe for information to be provided by was given, and Apology</p> <p>Complaint justified.</p>
<b>SUR395476</b>	16/06/2023	Poor Communication and Service Quality / Delivery	<p>This Complaint concerned the delay in disinvesting AVC with Prudential. Member advised that we were chasing payment from Prudential when in fact we had not requested the disinvestment yet. Member called Prudential and was told that we had not sent the disinvestment form, hence complaint.</p> <p>Disinvestment form sent and apology issued.</p> <p>Complaint upheld due to SPT error.</p>
<b>SUR152037</b>	19/06/2023	Poor Communication	<p>This complaint concerned the timescales for receiving pension payments.</p> <p>An explanation of timescales for our retirement cases and apology.</p> <p>Advice/Information Given, Apology and Staff training</p> <p>Complaint not justified.</p>
<b>SUR361992</b>	22/06/2023	Poor Communication and Service Quality / Delivery	<p>This complaint concerned the communication regarding an AVC transfer. We failed to provide a clear update of where we were with your request.</p> <p>Request sent to Prudential who have confirmed they have received correspondence and will process transfer.</p> <p>Information Given and Apology</p> <p>Complaint justified.</p>
<b>SUR371068</b>	08/06/2023	Administrative Error	<p>This complaint concerns a request for Trivial Commutation. The prevailing legislation does not permit commutation of the members pension benefits to a one-off payment before age 65 due to GMP.</p> <p>Member has been advised they must claim payment of deferred pension from NRA as member left the scheme on 22 October 1989.</p> <p>Member is seeking compensation after being told he was eligible. This was due to an error in the system and a manual</p>

			calculation incorrectly being sent. All details have been submitted to head of service and approval is pending
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### Customer Enquiry Trends

A break down of the top 5 enquires per month are demonstrated below:



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## SURREY COUNTY COUNCIL

## LOCAL PENSION BOARD



DATE: 28 JULY 2023

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

SUBJECT: LEGACY RECTIFICATION

**SUMMARY OF ISSUE:**

The purpose of this report is to inform the Board of the proposed plans being put in place to drive down the legacy backlogs within Service Delivery and the Accounting and Governance Teams.

**RECOMMENDATIONS:**

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

**REASON FOR RECOMMENDATIONS**

There is ultimately a cost to our members and stakeholders and crucially we are unable to tap into the energy of our teams to accelerate into our new delivery model without dealing with the legacy.

Segregating the legacy work from business as usual will allow key areas such as upskilling staff and enhancing productivity levels to be front and centre.

**DETAILS:****Service Delivery**

1. A programme of work has been established in Service Delivery.

**Backlog has arisen due to several factors.**

Legacy cases were inherited from the previous Orbis operational model and more recently, a combination of internal and external factors has exacerbated this. External factors such as large scale legislative changes and staff turnover is impacting all pension funds in the LGPS. Internally, changes to the administration banking operations, Altair and the extensive audit programme have also increased workloads.

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**Backlog case numbers have been established** Legacy case numbers stand at approx. 11,000 and include:

- Deferred - the member has left the scheme but has yet to take their pension.
- Transfers - These represent transfers into or out of the scheme.
- Concurrent - Records for multiple memberships may need combining

Undecided leavers - These are cases where the correct entitlement to benefits has still to be determined.

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**A hybrid approach to clearing the backlog has been agreed** Through a combination of recruiting an internal team to clear down deferred cases and, procuring the services of external services via a tendering process to support the more complex case work such as transfers and aggregations.

By taking this approach it will strike the right balance between control and pace.

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**Key deliverables have been established** Once a team has been recruited and a contract is in place it is proposed that:

- Reduction of 10% after 3 months
- Reduction of 25 – 30% after 6 months
- Reduction of 50 - 60% after 12 months
- Reduction of 70 - 80% after 18 months
- Reduction of 90 - 100% after 24 months

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**Governance and transparency will be essential** Sufficient resources will be in place to support both the clearance of cases and, provide project wrap around care to meet the expected deliverables.

There will be weekly reporting supplied to Senior Management to monitor progress and, formal quarterly checkpoints have been established to provide detailed updates, which will form part of the board and committee report cycle.

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**Key actions are well underway in preparation to reduce backlogs.**

- New roles have been established and job profiles created.
  - Backlog Manager has been appointed and further recruitment is underway.
  - Training plans for new staff have been developed.
  - Casework within scope has been established and prepared for allocation.
  - The administration system is being prepared to clearly segregate backlog work from day to day operations. This includes adapting the case workflow and amending the member letters.
  - Case progress reports are in development that will support the tracking of progress and, to support governance cycle.
  - A new performance and productivity initiative has been launched to maximise service output and, to enhance the team's knowledge and skill levels, supporting the work to stop backlogs recurring.
- 

**Legacy issues being addressed in Accounting and Governance**

2. As noted, backlogs across the whole service are receiving priority attention and identified for action in the Business Plan for 2023/24. An initial assessment of resource requirements for dealing with legacy issues in Accounting and Governance has been undertaken. Full governance procedures and reporting are being developed and will dovetail with the Service Delivery reporting proposals.
3. Initial work has been identified in several areas as noted below.

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<b>Finance area under review</b>	Additional temporary resource is being programmed to assist with investigation of legacy items in the finance and accounting areas, including the review of several account codes within the ledger. This will be undertaken following bedding in of the new accounting system.
<b>Admission Agreements to be processed</b>	Resources in the employer area will be configured to address processes required for progressing admission agreements and other employer related legacy tasks during H2.
<b>Discovery work underway in other areas</b>	Discovery work to identify actions regarding legacy issues in a number of other areas is underway.

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**CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

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

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

**DIRECTOR OF CORPORATE FINANCE COMMENTARY**

7. 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**

8. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY**

9. There are no equality or diversity issues.

**OTHER IMPLICATIONS**

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

**WHAT HAPPENS NEXT**

11. The activity in this area will be regularly monitored and reporting to the Board will be undertaken.

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**Contact Officer:**

Tom Lewis  
Paul Titcomb

Head of Service Delivery  
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: 28 JULY 2023

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

SUBJECT: CHANGE PROGRAMME UPDATE – QUARTER 2

**SUMMARY OF ISSUE:**

This paper details the Change Team Quarterly Report for the period April – Jun 2023. Previously this update was included in the Service Delivery report for historical reasons. Given the extended scope of the Team this is now presented to the Board separately.

**RECOMMENDATIONS:**

It is recommended that the Local Pension Board:

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

**DETAILS:****Background**

1.
  - a) This paper details the following areas of interest.

Item	Number	Details
i)	<b>New:</b> One Pensions Team Dashboard	We have launched a dashboard that provides high level visibility, in 1 page, of <u>key</u> performance indicators for Service Delivery, Accounting & Governance, Investment & Stewardship, Change Management as well as providing an insight into our workforce. Note that some of the metrics are still in draft as we only have baseline data. The frequency of reporting is 3-6 months for some KPI's. Your

		feedback is most welcome. Please see <a href="#">ANNEXE CM 1</a>
		A report on all 4 functions (ii-v) within Change Management can be found in <a href="#">ANNEXE CM2</a>
ii)	Communications	The report in Annexe 2 outlines the work completed since our last update on our Amplifying our Presence plan.
		Copies of recent newsletters including Annual Benefit Statements, award submissions, media posts and progress updates on our new websites are detailed in <a href="#">ANNEXE CM 3</a>
iii	Learning & Development	Since last reported we have launched 3 new training courses. The team have also focused efforts in development and launched a career pathway tool to aid in development and retention of our team. Personalised training plans for the Board and Committee members have been issued.
iv	Project Management	The status of continuous improvement projects which are ongoing in the Change Management Team is highlighted in <a href="#">ANNEXE CM 4</a> . The report introduces the formal Project Review Board which meets every 6 weeks.
v	Transformation	A summary of key activities in the Transformation space is noted including a workshop refreshing the principles of unity for partner funds in Border to Coast, the implementation of a SPT specific Pulse Survey (see <a href="#">ANNEXE CM 3</a> ) and a post Phase 2 Transformation review.

#### **CONSULTATION:**

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

#### **RISK MANAGEMENT AND IMPLICATIONS:**

3. There are no risk management implications.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

4. There are no financial implications.

## **DIRECTOR OF CORPORATE FINANCE AND COMMERCIAL COMMENTARY**

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

## **LEGAL IMPLICATIONS – MONITORING OFFICER**

6. . There are no legal implications.

## **EQUALITIES AND DIVERSITY**

7. There are no equality or diversity issues.

## **OTHER IMPLICATIONS**

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

## **WHAT HAPPENS NEXT**

9. In the next quarter will across Change Management we will be working on a number of areas including the following highlights:
- a) Launching a series of Wellbeing & Development Lunch & Learn sessions.
  - b) Launching a Talking Talent development forum
  - c) Hosting a best industry practice session with likeminded funds to explore topics of mutual interest.
  - d) Launching a programme of Benchmarking to highlight best practice and look at our performance relative to the industry.

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**Contact Officer:**  
**Nicole Russell, Head of Change Management**

**Consulted:**  
Local Pension Board Chair

**Annexes:**

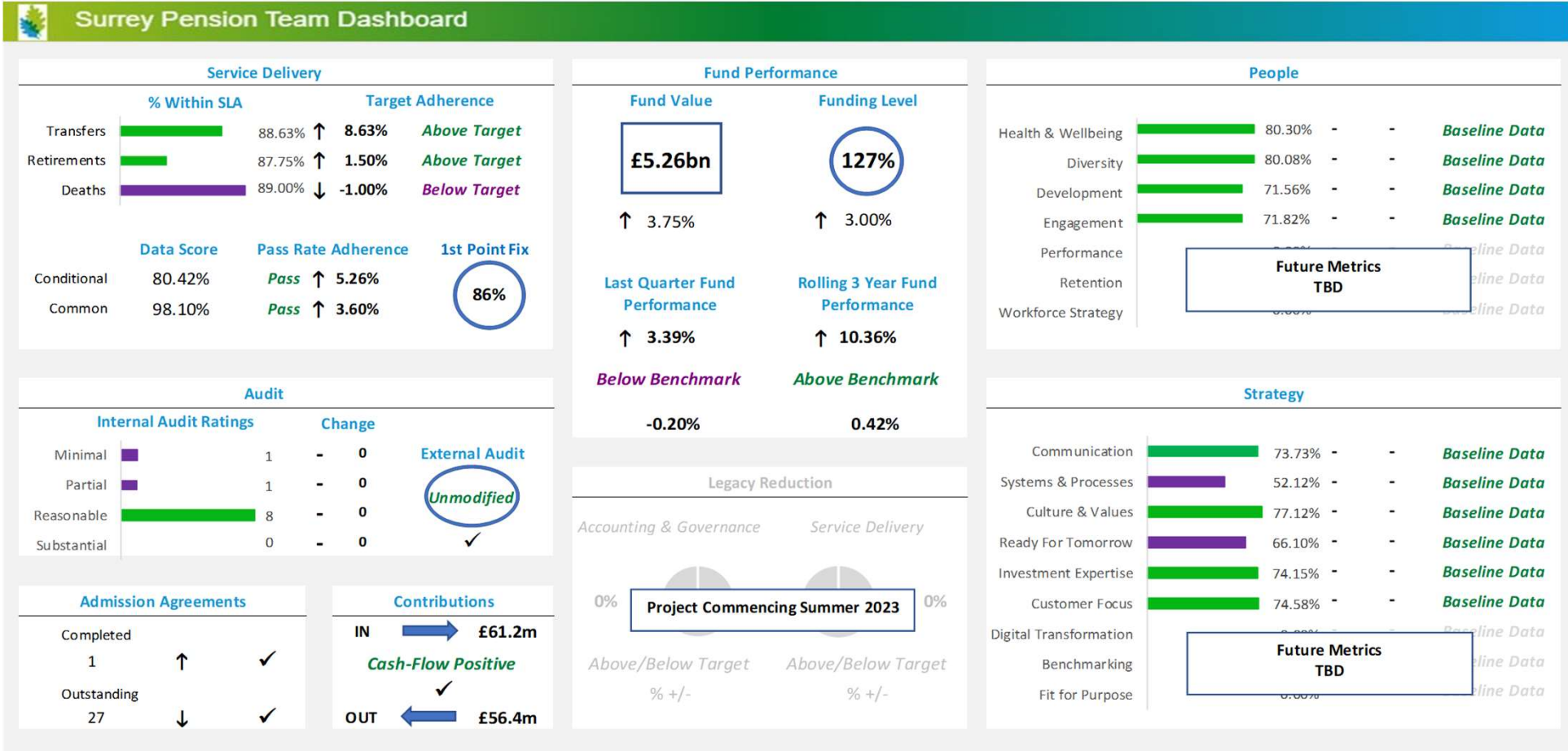
- 1. One Pensions Team Dashboard
- 2. Update on Change Management Activities
- 3. Examples of Communications
- 4. Projects Updated

**Sources/background papers:**

None

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People					
KPIs	Measure	Target	Source	Owner	Data
Engagement	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 11, 12, 16, 31	NR	JS
Development	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments); + % of Positive responses to Yes/No Questions	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 23, 45, 48, 50, 51, 52, 57, 58, 59	NR	JS
Performance	TBD - On hold until 2024/25	TBD - On hold until 2024/25	PULSE Survey Questions 49, 56	NR	JS
Retention	Staff Turnover Rate Divide number of employees who left by the average number of employees, then multiply by 100.	Up to 10% - On Target Between 10-15% - Monitor Above 15% - Off Track	Staff Turnover Rate - SCC HR Updated every 3 Months	NR	JS
Diversity	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments); + % of Positive responses to Yes/No Questions	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 37, 38, 39, 40	NR	JS
Workforce Strategy	Timely completion of plan in accordance with Workforce Strategy timeline	On Target: Completion/progress on time Monitor: Up to 1 month delay Off Track: 1+ Month delay	Workforce Strategy Timeline Progress updated monthly	NR	JS
Health and Wellbeing	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 32, 34, 35,36	NR	JS

Strategy					
KPIs	Measure	Target	Source	Owner	Data
Customer Focus	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 62	NR	JS
Investment Expertise	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 63	NR	JS
Fit For Purpose	Backlog reduction (TBD - Awaiting Recruitment Finalisation)	TBD - Awaiting Recruitment Finalisation	TBD	NR	JS

Ready For Tomorrow	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 29, 61	NR	JS
Culture & Values	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 25, 26	NR	JS
Systems and Processes	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 64	NR	JS
Benchmarking	Placeholder - Not yet ready	TBD	TBD	NR	JS
Communications	Average of PULSE Survey responses. Responses allocated 100% to 0% (Strongly Agree to Strongly Disagree; 25% increments)	We anticipate a target average of 70%. A 2nd set of data for comparison is required to set this, which will be available following the next PULSE Survey.	PULSE Survey Questions 44	NR	JS
Digital Transformation	Placeholder - Not yet ready	TBD	TBD	NR	JS

Service Delivery					
KPIs	Measure	Target	Source	Owner	Data
Deaths	Number processed within SLA monthly	Tolerable Performance: 90%	Altair Insights - Excel / PDF	TL	TL
Retirements	Number processed within SLA monthly	Tolerable Performance avg: 86.25%	Altair Insights - Excel / PDF	TL	TL
Transfers (LGPS/Non-LGPS)	Number processed within SLA monthly	Tolerable Performance: 80%	Altair Insights - Excel / PDF	TL	TL
1st Point Fix	% achieved quarterly	N/A	Team Data - Manual Input	TL	TL
Common Data Score	% monthly	Pass Rate: 94.5%	Data Quality Summary Report	TL	TL
Conditional Data Score	% monthly	Pass Rate: 75.16%	Scheme Specific Data Quality Report	TL	TL

Accounting & Governance					
KPIs	Measure	Target	Source	Owner	Data
Internal Audit Rating	Multiple audits during year. Individual ratings - updated as received	Reasonable to Substantial Ratings	Audit report - Word / PDF	PT	PT
External Audit Rating	Annually updated rating (Unmodified / Modified)	Unmodified Opinion	Audit report - Word / PDF	PT	PT
Admission Agreements	Number of admission agreements processed & outstanding	Reduce outstanding admission agreements	Team Data - Manual Input	PT	SU
Cashflow	Quarterly - Contributions in Vs Contributions Out	Contributions In exceed Contributions Out	Team Data - Manual Input	PT	SU

Fund Performance					
KPIs	Measure	Target	Source	Owner	Data
Last Quarter Performance	Latest Quarter Investment Return % - Quarterly	3.59% Growth	Northern Trust - Manual Input	LW	LW

Rolling 3 Year Performance	3 Year Rolling Investment Return % - Quarterly	9.94% Growth	Northern Trust - Manual Input	LW	LW
Funding Level	Funding Level % - Quarterly	>100%	Hymans - Manual Input	LW	LW
Fund Value	Total Fund Value - Quarterly	N/A	Team Data - Manual Input	LW	LW

Backlog Reduction					
KPIs	Measure	Target	Source	Owner	Data
A&G Reduction	# of items reduced compared to quarterly target	TBD July 2023	Project Tracker	PT	KD
SD Reduction	# of items reduced compared to quarterly target	Reduction of 10% after 3 months Reduction of 25 – 30% after 6 months Reduction of 50 - 60% after 12 months Reduction of 70 - 80% after 18 months Reduction of 90 - 100% after 24 months	Altair Insights / Project Tracker	TL	LB



## Quarterly Change Team Report April – June 2023

### Summary

This report details the work of the Change Management Team over the most recent quarter. Previously elements of this report had been contained within the Service Delivery report however given the increased scope of the team it will now be reported separately.

The team consists of the following functions:

- Communications
- Learning and Development
- Projects
- Transformation

### Communications

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**Annual Benefit Statements** Annual Benefit Communications produced in preparation for active & deferred benefit statement distribution.

[ABS Video Guide](#)

[ABS Guide](#)

[ABS FAQs](#)

ABS Posters for Employers – see Annexe

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

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**New Pension Fund Website** Market research & business case made for a new Surrey Pension Fund website to replace existing website provided by Hymans.

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**Recent Social Media Posts** As part of our new Amplified Presence plan, we have been increasing our posts on LinkedIn. We have made 9 posts within this quarter with an average Organic Impression of 216 Impressions. A sample can be found below:

<https://www.linkedin.com/feed/update/urn:li:activity:7056922795426861056>

<https://www.linkedin.com/feed/update/urn:li:activity:7057720861130137600>

<https://www.linkedin.com/feed/update/urn:li:activity:7061726017136025600>

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<https://www.linkedin.com/feed/update/urn:li:activity:7077249040983183360>

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**Award Submissions**

We have been shortlisted for both the LAPFF Good Governance & Responsible Investment Awards. We also submitted a nomination for the LGC Workforce 2023 Best Retention Strategy Award.

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**Newsletters**

April, May & June staff newsletters issued and well received. For [June's newsletter](#) we moved the newsletter to Microsoft Sway which offers greater engagement & analytics.

[Summer employer newsletter](#) compiled & distributed via email. We are exploring moving employer newsletter to E-Shot email software which offers greater engagement, accessibility & analytics.

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

Adapted existing newsletters to new accessible format in line with best practice and regulations. These have been uploaded as replacements on [Employer](#) and [Surrey Pension Fund](#) websites.

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

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## Learning and Development

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**Development Focus**

We had a focused workshop on the topic of personal & career development and launched the Career Pathway tool at the Whole of Pensions Meeting in June.

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**New Training Courses**

The Introduction to Transfers online course was delivered & is available now online.

Following in person training the Customer Service Training online course now available online.

Concurrent Transfers Course is under development and will be available online soon.

---

**Board & Committee Training**

Board & Committee Training plans have been issued & are underway. Additional guidance material produced.

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## Projects

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**Project Review Board** We have introduced a Project Review Board for strategic oversight & governance of continuous improvement projects. This takes place every 6 weeks and has produced productive discussion & decision-making during the sessions thus far.

During the initial session, project roles & responsibilities were defined, and a project charter document produced to ensure consistent project structure moving forward.

---

**Current Projects** We currently have 13 projects ongoing, with a further 3 projects approved by the senior leadership team to commence in the coming months. 3 of the current projects are categorised as “at risk” at this time, all have mitigation measures in place with 2 of the 3 projects expected to complete within the month of July. An overview of our current projects can be found in [Annexe CM4](#), with further narrative on all projects, including those at risk.

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## Transformation

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**Border to Coast Partner Fund Workshop** Surrey Pension Team hosted a working session with our partner funds to refresh & align our principles for engagement with Border to Coast. Session was well received.

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**One Pensions Team Dashboard** We have developed a One Pensions Team dashboard which provided the ‘red thread’ to detail all the work Surrey Pension Team in a single easy to understand format. This is being showcased for the first time during this Board Meeting & going forward will be a key piece of information between the Board, Committee, Surrey County Council & Surrey Pension Team. [See Annexe CM 1](#)

---

**Surrey Pensions Team Specific Pulse Survey** We devised and launched a Surrey Pension Team specific Pulse Survey to establish a baseline. The survey covered areas such as Demographics, Wellbeing, Career Development, Strategic Planning, etc. [See Annexe CM 3 for questions & summary of results.](#)

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**Post Phase 2 Transformation Review** Post the completion of Phase 2 of our Transformation, the PSLT completed an organisational review to determine whether the proposed benefits from the transformation have been realised. Where needed course correction has been highlighted & actioned.

---

## Next Steps

In the next quarter we will be working on the following areas:

- a) Launching a series of Wellbeing & Development Lunch & Learn sessions
- b) Launching a Talking Talent development forum
- c) Hosting a best industry practice session with likeminded funds to explore topics of mutual interest.
- d) Launching a programme of Benchmarking to highlight best practice and look at our performance relative to the industry.

# Responsibilities Change Team – Annexe 3

## ABS Poster

### Your 2023 LGPS Annual Benefit Statement

Surrey Pension Team

**Available by 31  
August**

Your 2023 Local Government Pension Scheme Annual Benefit Statement will be available on the 'My Pension' Portal by 31 August.

Not signed up on the portal?  
Visit  
[www.mypension.surreycc.gov.uk](http://www.mypension.surreycc.gov.uk)

Providing our customers  
with a better tomorrow



### What is an Annual Benefit Statement?

#### Keep Track of your Pension

Your benefit statement is an annual summary of your pension benefits. It tells you the current value of your pension and what it could be worth in the future.

#### Plan for the Future

Will the future we want be the future we are able to get? Your Annual Benefit Statement (ABS) is a handy way to help plan ahead to what your lifestyle could be like in retirement.

So keep your benefit statement safe – it may help you when you're making decisions about your retirement or when using our online Benefit Projector tools on the 'My Pension' Portal.

#### Find out More

Check out our online ABS guide at  
[www.surreypensionfund.org/forms-and-publications/](http://www.surreypensionfund.org/forms-and-publications/)

Or watch our step by step video guide:  
<https://youtu.be/aGmX6oeu-vg>



# Pulse Survey Results 30.5.23 – Summary Results

59  
Responses

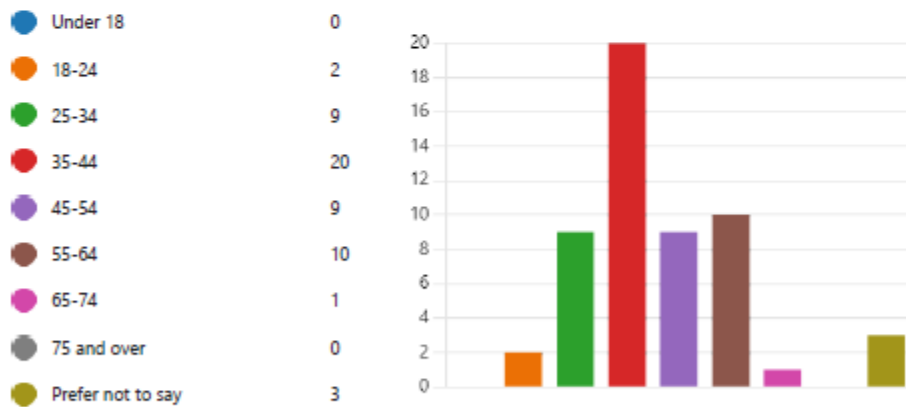
47:55  
Average time to complete

Active  
Status

## 1. Are you comfortable answering some demographic questions?



## 2. How old are you?



[https://forms.office.com/pages/designpagev2.aspx?auth\\_pvr=OrgId&auth\\_upn=Bethany.Goss%40surreyoc.gov.uk&lang=en-US&origin=OfficeDo...](https://forms.office.com/pages/designpagev2.aspx?auth_pvr=OrgId&auth_upn=Bethany.Goss%40surreyoc.gov.uk&lang=en-US&origin=OfficeDo...) 1/27

3. Are you...

<span style="color: blue;">●</span> Male	9
<span style="color: orange;">●</span> Female	43
<span style="color: green;">●</span> I define myself in another way	1
<span style="color: red;">●</span> Prefer not to say	1



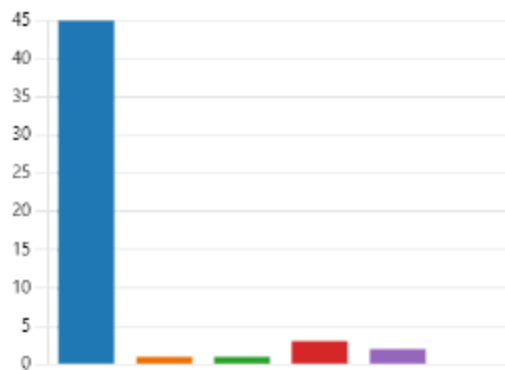
4. Do you identify as the sex you were assigned at birth? Please tick one box only.

<span style="color: blue;">●</span> Yes	53
<span style="color: orange;">●</span> No	1
<span style="color: green;">●</span> Prefer not to say	0



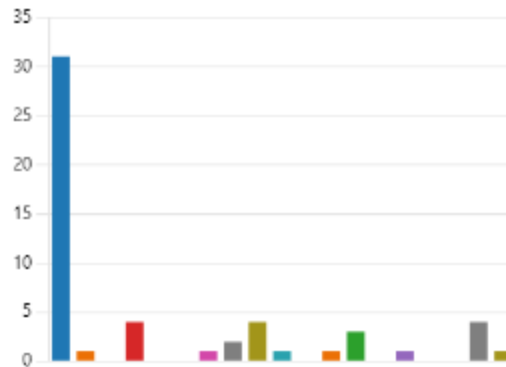
5. Please can you tell me which of the following best describes you? Please tick one box only.

<span style="color: blue;">●</span> Heterosexual	45
<span style="color: orange;">●</span> Gay Man	1
<span style="color: green;">●</span> Lesbian/Gay Woman	1
<span style="color: red;">●</span> Bisexual	3
<span style="color: purple;">●</span> Other	2
<span style="color: brown;">●</span> Prefer not to say	0



6. How would you describe your ethnicity? Please tick one box only.

- **White - English/Welsh/Scottish/...** 31
- **White - Irish** 1
- **White - Gypsy or Irish Traveller** 0
- **White - Any other White backgr...** 4
- **Mixed/Multiple ethnic groups...** 0
- **Mixed/Multiple ethnic groups...** 0
- **Mixed/Multiple ethnic groups...** 1
- **Mixed/Multiple ethnic groups...** 2
- **Asian/British Asian - Indian** 4
- **Asian/British Asian - Pakistani** 1
- **Asian/British Asian - Banglade...** 0
- **Asian/British Asian - Chinese** 1
- **Asian/British Asian - Any other...** 3
- **Black/African/Caribbean/Blac...** 0
- **Black/African/Caribbean/Blac...** 1
- **Black/African/Caribbean/Blac...** 0
- **Other ethnic group - Arab** 0
- **Other ethnic group - Any othe...** 4
- **Prefer not to say** 1



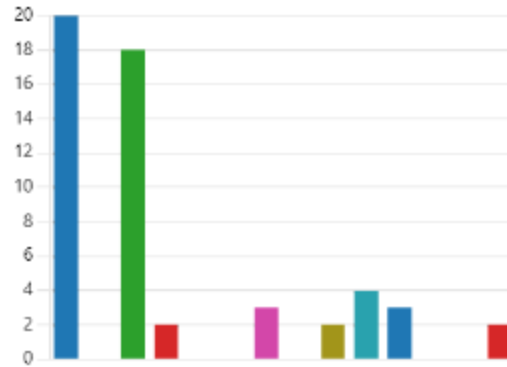
How would you describe your ethnicity? **Expansion of above answers**

- |  |                             |   |                             |
|--|-----------------------------|---|-----------------------------|
| <b>White - English/Welsh/Scottish/Northern Irish/British</b> .....                     | <input type="checkbox"/> 01 | <b>Asian/Asian British - Pakistani</b> .....  | <input type="checkbox"/> 10 |
| <b>White - Irish</b> .....   | <input type="checkbox"/> 02 | <b>Asian/Asian British - Bangladeshi</b> .....  | <input type="checkbox"/> 11 |
| <b>White - Gypsy or Irish Traveller</b> .....  | <input type="checkbox"/> 03 | <b>Asian/Asian British - Chinese</b> .....  | <input type="checkbox"/> 12 |
| <b>White - Any other White background</b> .....  | <input type="checkbox"/> 04 | <b>Asian/Asian British - Any other Asian background</b> .....                                     | <input type="checkbox"/> 13 |
| <b>Mixed/Multiple ethnic groups - White and Black Caribbean</b> .....                  | <input type="checkbox"/> 05 | <b>Black/African/Caribbean/Black British - African</b> .....                                      | <input type="checkbox"/> 14 |
| <b>Mixed/Multiple ethnic groups - White and Black African</b> .....                    | <input type="checkbox"/> 06 | <b>Black/African/Caribbean/Black British - Caribbean</b> .....                                    | <input type="checkbox"/> 15 |
| <b>Mixed/Multiple ethnic groups - White and Asian</b> .....                            | <input type="checkbox"/> 07 | <b>Black/African/Caribbean/Black British - Any other Black/African/Caribbean background</b> ..... | <input type="checkbox"/> 16 |
| <b>Mixed/Multiple ethnic groups - Any other Mixed/Multiple ethnic background</b> ..... | <input type="checkbox"/> 08 | <b>Other ethnic group - Arab</b> .....  | <input type="checkbox"/> 17 |
| <b>Asian/Asian British - Indian</b> .....  | <input type="checkbox"/> 09 | <b>Other ethnic group - Any other ethnic group</b> ..   | <input type="checkbox"/> 18 |
|  |                             | <b>Prefer not to say</b> .....  | <input type="checkbox"/> 19 |



7. Which of the following best describes your religion or belief? Please tick one box only.

<span style="color: blue;">●</span> No religion	20
<span style="color: orange;">●</span> Buddhist	0
<span style="color: green;">●</span> Christian	18
<span style="color: red;">●</span> Hindu	2
<span style="color: purple;">●</span> Jain	0
<span style="color: brown;">●</span> Jewish	0
<span style="color: pink;">●</span> Muslim	3
<span style="color: grey;">●</span> Pagan	0
<span style="color: olive;">●</span> Sikh	2
<span style="color: cyan;">●</span> Agnostic	4
<span style="color: blue;">●</span> Atheist	3
<span style="color: orange;">●</span> Other religion	0
<span style="color: green;">●</span> Other philosophical belief	0
<span style="color: red;">●</span> Prefer not to say	2



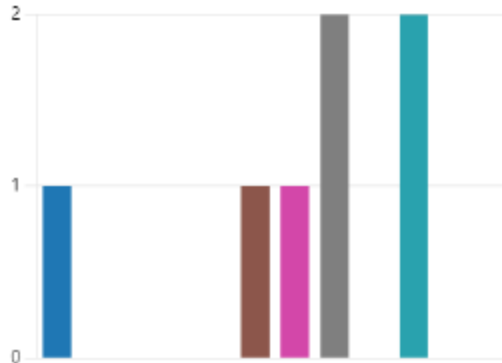
8. Would you describe yourself as disabled? Please tick one box only.

<span style="color: blue;">●</span> Yes	6
<span style="color: orange;">●</span> No	47
<span style="color: green;">●</span> Prefer not to say	1



9. How would you describe your disability/impairment? Please tick all that apply.

- Physical Impairment - Ambulant... 1
- Physical Impairment (wheelchair... 0
- Hearing Impairment (deaf or ha... 0
- Visual Impairment (Blind or Parti... 0
- Learning Disability/difficulty 0
- Long-standing illness 1
- Mental health condition 1
- Autism Spectrum 2
- Other developmental condition 0
- Other 2
- Prefer not to say 0
- Not applicable 0



10. Are you a carer, or do you look after someone? Please tick one box only.

- Yes 8
- No 45
- Prefer not to say 1



11. To what extent do you agree or disagree with the following statement:  
**I feel proud when I tell others I am part of Surrey Pension Team.**

- Strongly agree 14
- Agree 26
- Neither agree nor disagree 18
- Disagree 1
- Strongly disagree 0



12. To what extent do you agree or disagree with the following statement:  
**I would recommend Surrey Pension Team as a great place to work.**

● Strongly agree	14
● Agree	27
● Neither agree nor disagree	16
● Disagree	1
● Strongly disagree	1



13. Regarding the two questions above, what is the main reason for the answer you have chosen?

59  
Responses

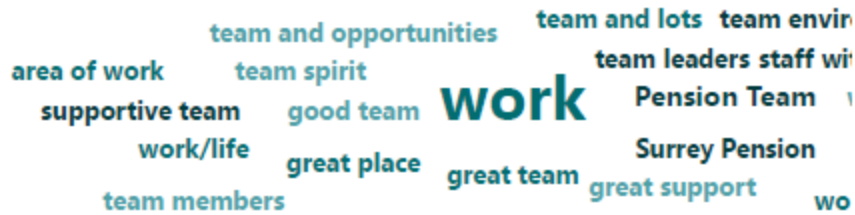
Latest Responses

*"not sure I would"*

*"I think it is a great place to work as the team is made up of ..."*

*"Development of the Pension Team is ongoing and will evolv..."*

23 respondents (39%) answered work for this question.



14. To what extent do you agree or disagree with the following statement:  
**In the Surrey Pension Team, we work as one team, all supporting each other.**

● Strongly agree	10
● Agree	33
● Neither agree nor disagree	10
● Disagree	5
● Strongly disagree	1



15. Regarding the question above, what is the main reason for the answer you have chosen?

59  
Responses

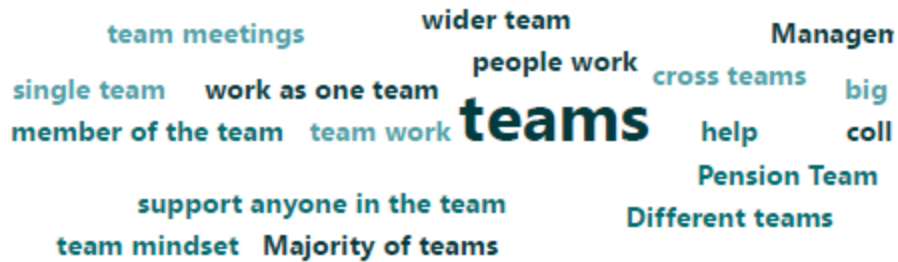
Latest Responses

"mostly"

"The individuals who work for Surrey Pension Team help and ...

"I tend to agree with the above statement. Sometimes I do fe...

27 respondents (46%) answered **teams** for this question.



16. To what extent do you agree or disagree with the following statement:  
**The Surrey Pension Team inspires me to do the best in my job.**

● Strongly agree	13
● Agree	30
● Neither agree nor disagree	14
● Disagree	2
● Strongly disagree	0



17. To what extent do you agree or disagree with the following statement:  
I feel I am rewarded fairly for the work that I do.

● Strongly agree	6
● Agree	20
● Neither agree nor disagree	19
● Disagree	10
● Strongly disagree	4



18. Regarding the question above, what is the main reason for the answer you have chosen?

58  
Responses

Latest Responses

*"has not happened to me yet"*

*"I think there are lots of opportunities for individuals' work to..."*

*"My colleagues are hard working and this encourages me to ..."*

Update

19 respondents (32%) answered working for this question.



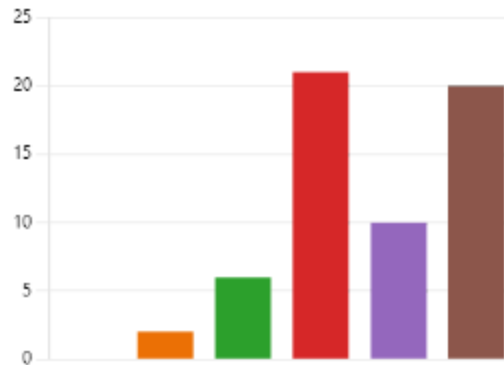
19. To what extent do you agree or disagree with the following statement:  
**My performance is recognised when I go above and beyond what is expected in my role.**

● Strongly agree	7
● Agree	29
● Neither agree nor disagree	20
● Disagree	1
● Strongly disagree	2



20. How often do you work at an SCC office, rather than working from home?

● 4 or more times per week	0
● 3 times per week	2
● twice per week	6
● once per week (4 times per mon...	21
● 2-3 times per month	10
● less often than twice per month	20



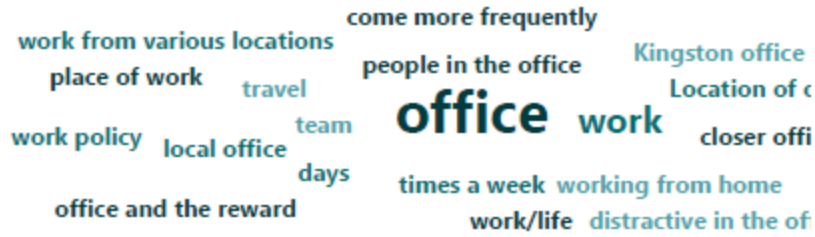
21. What would encourage you to come into the office more often?

59  
Responses

Latest Responses

"not sure"  
 "If it was easier to get to / closer to a main train station / mo...  
 "The issue is having to bring training notes into the office, th...

24 respondents (41%) answered office for this question.



22. To what extent do you agree or disagree with the following statement:  
**I value time spent working in person with my colleagues.**

Strongly agree	16
Agree	24
Neither agree nor disagree	17
Disagree	1
Strongly disagree	1



23. To what extent do you agree or disagree with the following statement:  
**I feel that I am able to have regular, open conversations with my line manager.**

Strongly agree	28
Agree	27
Neither agree nor disagree	2
Disagree	1
Strongly disagree	1



24. To what extent do you agree or disagree with the following statement:  
**I have the opportunity to contribute my views before decisions are made that affect me.**

● Strongly agree	10
● Agree	28
● Neither agree nor disagree	15
● Disagree	5
● Strongly disagree	1



25. Our Surrey Pension Team values are:

- Working together internally and externally to achieve the best possible outcome for the Surrey Pension Team with an eye on continuous improvement.
- Putting our customers and stakeholders front and centre in everything we do.
- Striving for excellence by working as a high performing, focused team and setting high performance standards whilst prudently using our resources.
- Being open, transparent and accountable, exhibiting the highest standards for our responsibilities, governance, decision making and risk management.
- Respecting and listening to the views of our team, customers and stakeholders, inspiring trust, loyalty and well being in an inclusive environment.

To what extent do you agree or disagree with the following statement:  
**I take responsibility for living and demonstrating the Surrey Pension Team values at work.**

● Strongly agree	23
● Agree	33
● Neither agree nor disagree	3
● Disagree	0
● Strongly disagree	0





26. To what extent do you agree or disagree with the following statement:  
**I see other people in the Surrey Pension Team working to the core values.**

● Strongly agree	5
● Agree	42
● Neither agree nor disagree	9
● Disagree	3
● Strongly disagree	0



27. Thinking about the two questions above (regarding our values) please explain why you have answered in this way.

59  
Responses

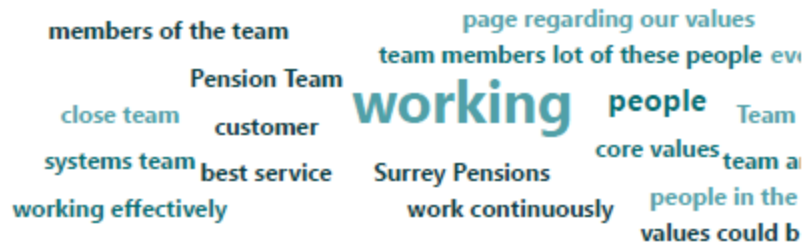
Latest Responses

*"people seem to be working well"*

*"I always strive to do my best and ensure our members and s...*

*"I uphold the core values of the Surrey Pension Team. We all ..."*

16 respondents (27%) answered working for this question.



28. To what extent do you agree or disagree with the following statement:  
**In the Surrey Pension Team, we are willing to try out new things and improve our services. If those don't work we are not afraid to go back to the drawing board and try again.**

<span style="color: blue;">●</span> Strongly agree	14
<span style="color: orange;">●</span> Agree	30
<span style="color: green;">●</span> Neither agree nor disagree	9
<span style="color: red;">●</span> Disagree	4
<span style="color: purple;">●</span> Strongly disagree	2



29. To what extent do you agree or disagree with the following statement:  
**I actively benchmark Surrey Pension Team against other companies and seek out best practice externally.**

<span style="color: blue;">●</span> Strongly agree	6
<span style="color: orange;">●</span> Agree	20
<span style="color: green;">●</span> Neither agree nor disagree	20
<span style="color: red;">●</span> Disagree	12
<span style="color: purple;">●</span> Strongly disagree	1



30. To what extent do you agree or disagree with the following statement:  
**Surrey Pension Team takes positive action on health and wellbeing.**

<span style="color: blue;">●</span> Strongly agree	11
<span style="color: orange;">●</span> Agree	22
<span style="color: green;">●</span> Neither agree nor disagree	19
<span style="color: red;">●</span> Disagree	6
<span style="color: purple;">●</span> Strongly disagree	1



31. To what extent do you agree or disagree with the following statement:  
**Generally, I feel happy at work nowadays.**

● Strongly agree	10
● Agree	34
● Neither agree nor disagree	8
● Disagree	7
● Strongly disagree	0



32. To what extent do you agree or disagree with the following statement:  
**I am able to cope with the demands of my job.**

● Strongly agree	14
● Agree	25
● Neither agree nor disagree	16
● Disagree	4
● Strongly disagree	0



33. What is the main reason for the answer you have chosen in the question above?

59  
Responses

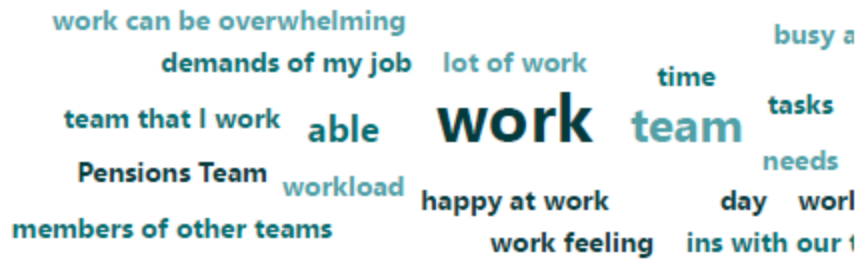
Latest Responses

*"it is going well"*

*"It is sometimes challenging when the team is short staffed a...*

*"The workload can be stressful at times and many of us feel o...*

18 respondents (31%) answered work for this question.



34. To what extent do you agree or disagree with the following statement:  
**I believe my manager cares about my wellbeing.**

<span style="color: blue;">●</span> Strongly agree	30
<span style="color: orange;">●</span> Agree	23
<span style="color: green;">●</span> Neither agree nor disagree	5
<span style="color: red;">●</span> Disagree	1
<span style="color: purple;">●</span> Strongly disagree	0



35. To what extent do you agree or disagree with the following statement:  
**If I am feeling unwell, I can report my sickness and feel confident that I can go back to work when I feel better.**

<span style="color: blue;">●</span> Strongly agree	26
<span style="color: orange;">●</span> Agree	29
<span style="color: green;">●</span> Neither agree nor disagree	2
<span style="color: red;">●</span> Disagree	1
<span style="color: purple;">●</span> Strongly disagree	1



36. To what extent do you agree or disagree with the following statement:  
**I am not subject to unacceptable behaviours.**

<span style="color: blue;">●</span> Strongly agree	26
<span style="color: orange;">●</span> Agree	27
<span style="color: green;">●</span> Neither agree nor disagree	5
<span style="color: red;">●</span> Disagree	0
<span style="color: purple;">●</span> Strongly disagree	1



37. To what extent do you agree or disagree with the following statement:  
**I feel able to bring my whole self to the workplace.**

Strongly agree	21
Agree	26
Neither agree nor disagree	9
Disagree	2
Strongly disagree	1



38. To what extent do you agree or disagree with the following statement:  
**I believe that the Surrey Pension Team is committed to creating a diverse and inclusive environment.**

Strongly agree	17
Agree	32
Neither agree nor disagree	6
Disagree	3
Strongly disagree	1

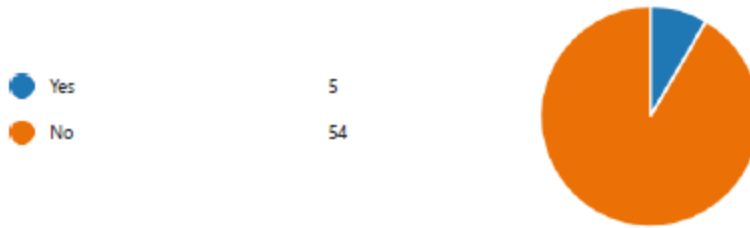


39. To what extent do you agree or disagree with the following statement:  
**I feel safe to speak up about anything that concerns me.**

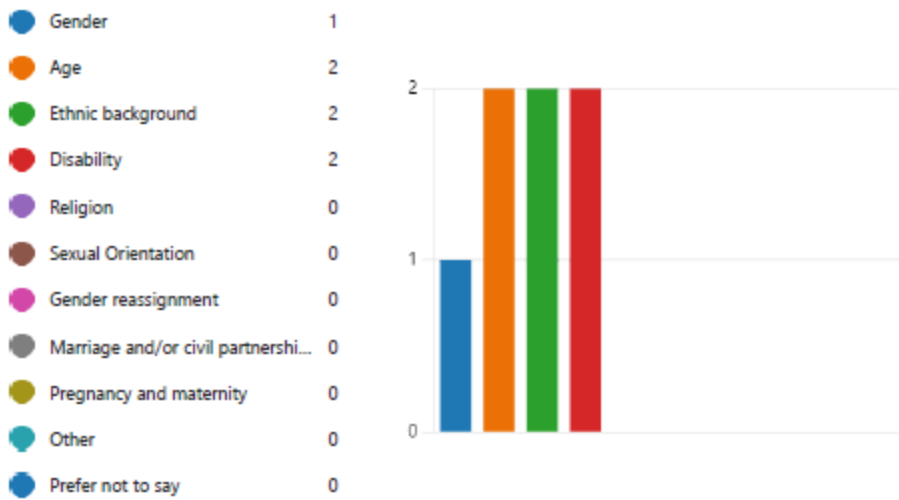
Strongly agree	21
Agree	25
Neither agree nor disagree	8
Disagree	4
Strongly disagree	1



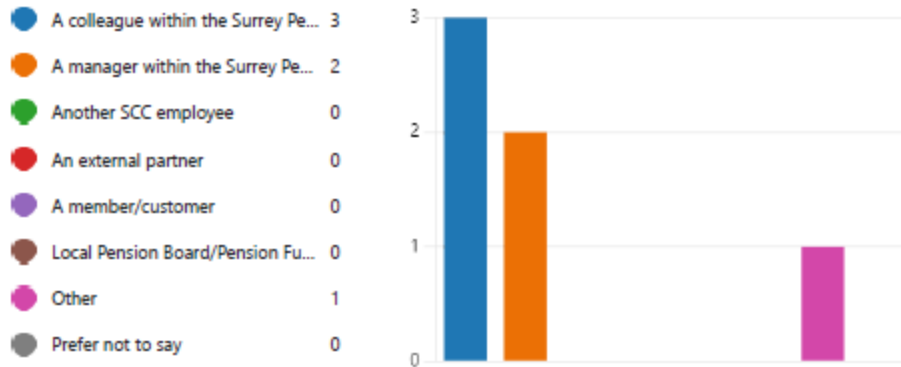
40. Have you personally experienced discrimination at work in the Surrey Pension Team?



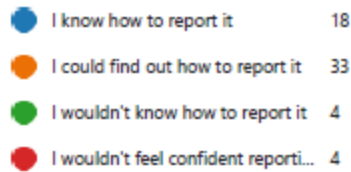
41. On what grounds have you experienced discrimination? Please tick all that apply.



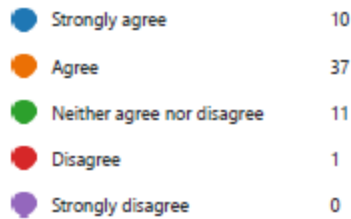
42. From where did you receive this discrimination? Please tick all that apply.



43. If you needed to report any issues around bullying, harassment or discrimination in the Surrey Pension Team which of the following statements do you most agree with? Please tick one box only.



44. To what extent do you agree or disagree with the following statement: **Thinking about our Team newsletter, Whole of Pensions meetings, email updates, etc. I feel well informed about what is happening in the Surrey Pension Team.**



45. To what extent do you agree or disagree with the following statement:  
**When I need it, my manager provides coaching to help me achieve my objectives.**

● Strongly agree	16
● Agree	31
● Neither agree nor disagree	10
● Disagree	2
● Strongly disagree	0



46. To what extent do you agree or disagree with the following statement:  
**My line manager empowers me to perform my job effectively.**

● Strongly agree	22
● Agree	28
● Neither agree nor disagree	7
● Disagree	2
● Strongly disagree	0



47. To what extent do you agree or disagree with the following statement:  
**I understand my role and responsibilities and I have the resources I need to do my job.**

● Strongly agree	17
● Agree	29
● Neither agree nor disagree	8
● Disagree	5
● Strongly disagree	0

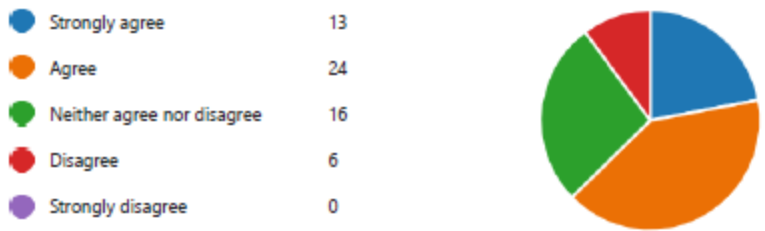




48. I have had a performance conversation in the last 12 months.



49. To what extent do you agree or disagree with the following statement:  
**My performance conversations help me change and improve my work.**



50. To what extent do you agree or disagree with the following statement:  
**I am encouraged to be proactive and take responsibility for my own development.** (Reminder: **Development** is about progressing your career both now and in the future.)



51. To what extent do you agree or disagree with the following statement:  
**I have the right skills to do my job effectively.**

● Strongly agree	21
● Agree	32
● Neither agree nor disagree	4
● Disagree	2
● Strongly disagree	0



52. To what extent do you agree or disagree with the following statement:  
**I am able to access the right training to meet my needs in a timely way.**

● Strongly agree	9
● Agree	29
● Neither agree nor disagree	15
● Disagree	5
● Strongly disagree	1



53. Regarding the two questions above, please explain why you answered in this way.

59  
 Responses

Latest Responses

- "generally I get most of the training"*
- "I think sufficient training is given to do my job effectively an..."*
- "I have the skills and commitment, but I due to gaps in knowl..."*



54. To what extent do you agree or disagree with the following statement:  
**In the last twelve months I have accessed development opportunities that have enabled me to do my job more effectively and make a difference.**

● Strongly agree	13
● Agree	30
● Neither agree nor disagree	12
● Disagree	4
● Strongly disagree	0



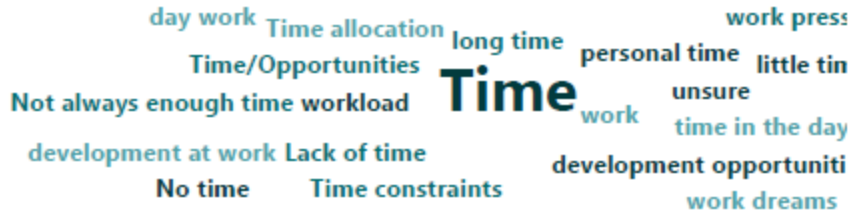
55. **What do you feel currently stops you undertaking further development opportunities?**

59  
Responses

Latest Responses

- "still waiting for some requested training over a year ago"*
- "Not always enough time in the day with all the daily / weekL..."*
- "Gaps to be filled in knowledge to carry out my job effectivel..."*

18 respondents (31%) answered **Time** for this question.



56. I have discussed my development with my manager in the last 12 months.

● Yes	54
● No	5



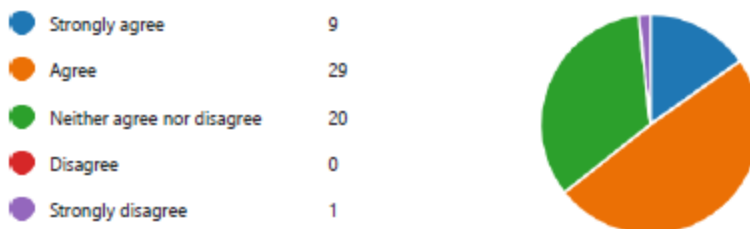
57. I have a robust development plan in place.



58. To what extent do you agree or disagree with the following statement:  
**I understand the career pathways available to me.**



59. To what extent do you agree or disagree with the following statement:  
**I know what skills I need to develop to be effective in my current role and those roles I aspire to.**



60. To what extent do you agree or disagree with the following statement:  
**I feel well-informed about the Surrey Pension Team strategic plan.**

Strongly agree	16
Agree	32
Neither agree nor disagree	9
Disagree	2
Strongly disagree	0



61. To what extent do you agree or disagree with the following statement:  
**I believe that the strategic plan will enable us to be fit for the future.**

Strongly agree	14
Agree	33
Neither agree nor disagree	9
Disagree	3
Strongly disagree	0



62. To what extent do you agree or disagree with the following statement:  
**Everything we do is focused on improving outcomes for our customers, whether they are members, employers or internal staff.**

Strongly agree	15
Agree	32
Neither agree nor disagree	8
Disagree	4
Strongly disagree	0



63. To what extent do you agree or disagree with the following statement:  
**I am confident that the Surrey Pension Team invests our funds in the best way to ensure a healthy and responsible future for our members.**

● Strongly agree	15
● Agree	27
● Neither agree nor disagree	17
● Disagree	0
● Strongly disagree	0



64. To what extent do you agree or disagree with the following statement:  
**Our systems and processes are streamlined and fit for purpose.**

● Strongly agree	3
● Agree	15
● Neither agree nor disagree	27
● Disagree	12
● Strongly disagree	2



65. Which systems/processes have you thought about when answering the question above?

58  
Responses

Latest Responses

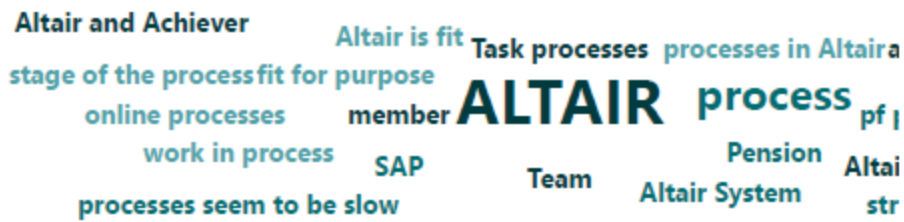
"mostly"

"Systems: Altair, Docmail, Outlook, Teams, SharePoint, SAP, C..."

"Altair - generally works well on a day to day basis, can be sl..."

Update

21 respondents (36%) answered **ALTAIR** for this question.



66. To what extent do you agree or disagree with the following statement:  
**I am confident that we are managing the backlog effectively.**

Strongly agree	4
Agree	11
Neither agree nor disagree	23
Disagree	16
Strongly disagree	5



67. Is there anything else that you would like to say that hasn't already been covered by this survey?

29  
Responses

Latest Responses

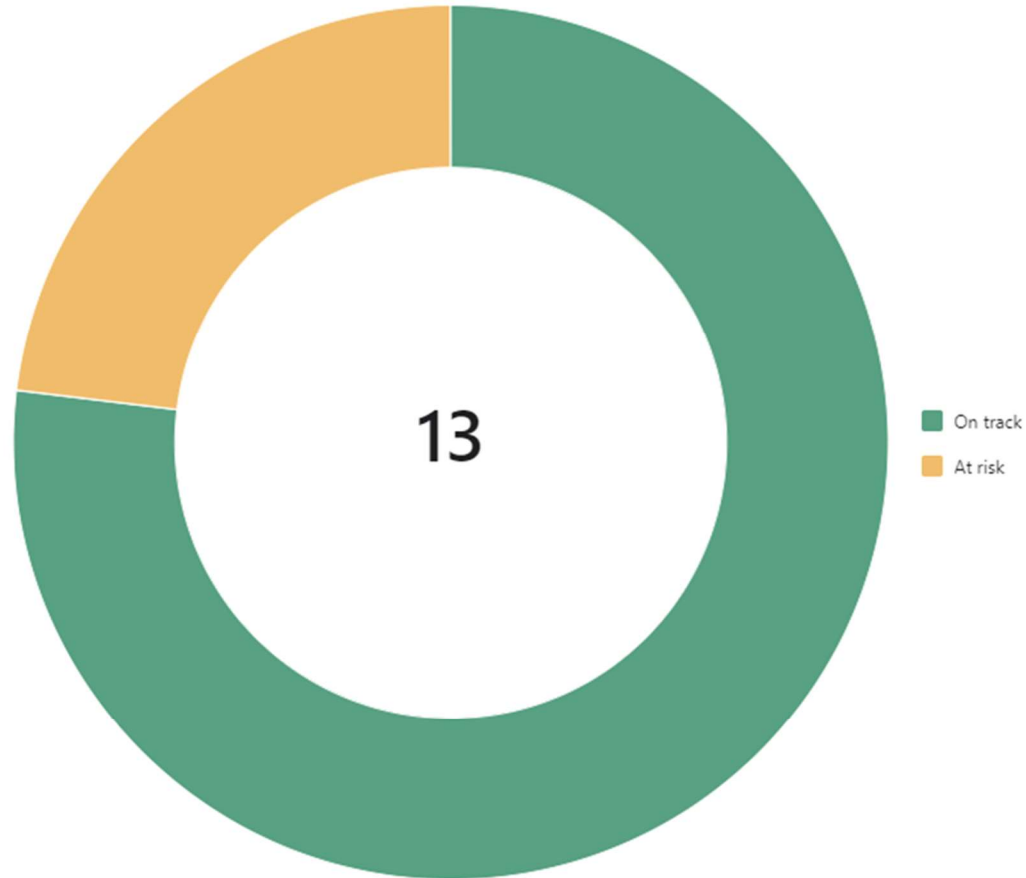
"no"

*"The questions in this survey tend to conflict with previous qu..."*

4 respondents (14%) answered **team** for this question.







Project name	Due date
Backlog Governance 2	31 May, 2023 – 31 Oct, 2025
Consumer Insights 1	
Responsible Investment 5	7 Sep, 2022 – 3 Dec, 2024
Internal Documentation & Standards 7	29 Sep, 2022 – 31 Dec, 2023
Combined Benefit Recharges 4	1 Mar – 31 Oct
Teacher CAYs 4	1 Mar – 31 Oct
Injury Allowances 3	1 Mar – 31 Oct
Banking Controls 8	11 May, 2022 – 31 Oct, 2023
Heywoods - Retirements 7	26 Oct, 2022 – 31 Mar, 2023
GMP (Guaranteed Minimum Pension) 9	2 May, 2022 – 31 Mar, 2024

**At Risk**

Project name	Due date
McCloud 7	1 Apr, 2021 – 31 Oct, 2025
Unit 4 7	1 Sep, 2022 – 1 Jul, 2023
Heywoods - Transfers Out 6	1 Oct, 2022 – 30 Apr, 2023

- Banking Controls
  - Transfer of banking tasks and controls from SCC Banking team to SPT Accounting & Governance team
  - October 2023 Completion
- Unit 4
  - SPT representation for MySurrey implementation, ensuring team-specific requirements met.
  - July 2023 Completion
  - **“At Risk”** – Due to impact & high prioritisation. Gaps in access causing disruption to team – monitoring and representing team issues to DB&I Team
- Responsible Investment
  - Implementation of RI policies & procedures; UK Stewardship Code Signatory application.
  - December 2024 Completion
- Backlog Governance
  - Reduction of team backlogs for Accounting & Governance and Service Delivery teams.
  - October 2025 Completion
- Heywood – Retirements
  - Introduction of retirement process improvements to increase accuracy of calculations, minimising error.
  - March 2023 Completion (Delayed)
- Heywood – Transfer Out
  - Introduction of transfers out process improvements to increase accuracy of calculations, minimising error.
  - April 2023 Completion (Delayed)
  - **“At Risk”** – New process now available. Delays in testing – Aiming to close testing & reach completion by end of July.
- GMP (Guaranteed Minimum Pension)
  - Rectification of records to meet requirement to establish guaranteed minimum pension for members.
  - March 2024 Completion
- Internal Documentation & Standards
  - Standardisation of electronic documentation storage and location across all SPT teams.
  - December 2023 Completion
- McCloud
  - Revision of underpinning calculations for CARE scheme as a result of the McCloud case judgement.
  - October 2025 Completion
  - **“At Risk”** – Due to delays caused by delay in response from other party – monitoring; escalated and progress beginning to be made.
- Teacher CAYs
  - Ensure accurate compensatory added years recharging. Ensure process sits with appropriate party.
  - October 2023 Completion
- Combined Benefit Recharges
  - To define the end-to-end process for combined benefit recharges, and the ownership of this process.
  - October 2023 Completion
- Injury Allowances
  - Verify recipients remain eligible for the allowance and that employers are being charged for the payments.
  - October 2023 Completion
- Consumer Insights
  - Understand current service provision, identify areas for improvement, & obtain customer feedback.
  - TBD Completion

**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**



**DATE: 28 JULY 2023**

**LEAD OFFICERS: DAVID JOHN, AUDIT MANAGER  
LIAM PIPPARD, PRINCIPAL AUDITOR**

**SUBJECT: INTERNAL AUDIT PROGRESS REPORT JULY 2023**

#### **SUMMARY OF ISSUE:**

The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter one and provide an update on any high priority actions due for implementation.

#### **RECOMMENDATIONS:**

It is recommended that the Local Pension Board note the report and consider any further action required in their response to issues raised.

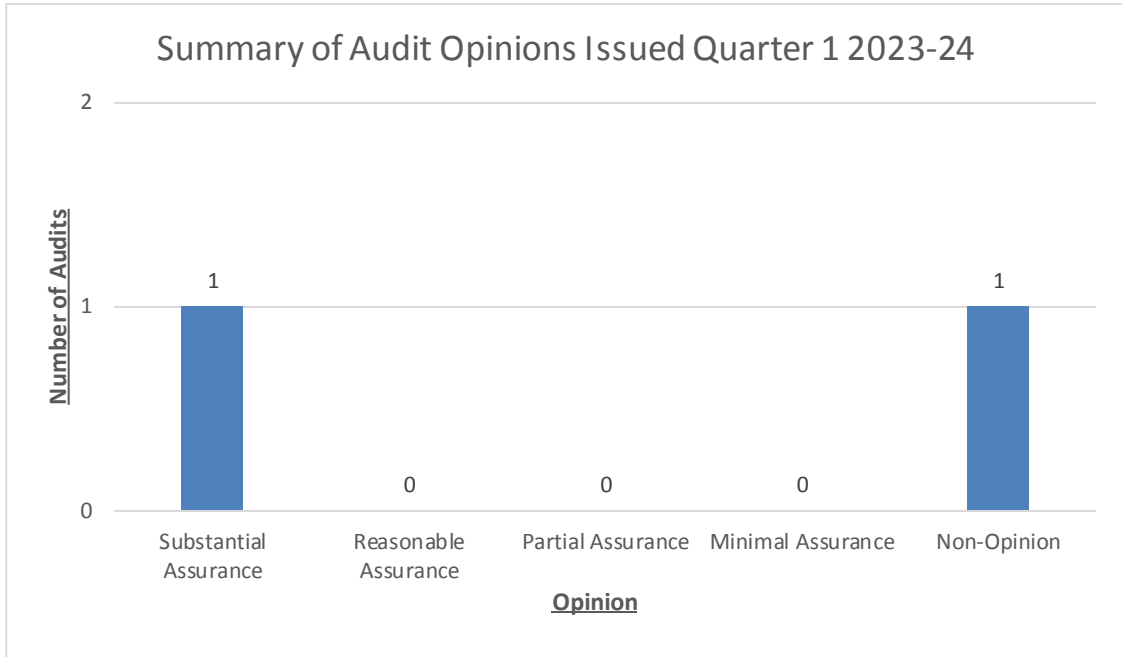
#### **REASON FOR RECOMMENDATIONS**

The Local Pension Board's has a key role in overseeing the activity of the Pension Fund, therefore it is important that the Board receives appropriate independent assurance of the activities of the Surrey pension function. This report provides the Board with an independent summary of the review of activities by Orbis Internal Audit in our delivery of an annual programme of audit work of the Surrey Pension Fund.

#### **DETAILS:**

##### **Background**

1. Key audit findings from final reports issued during quarter one are summarized in Appendix A.
2. Reviews completed in this quarter included planned audits only. Overall, of the two formal assignments finalised during quarter one, one received 'Substantial Assurance', and there was one report issued in the period without an opinion as illustrated in the graph below.



**CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

- There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report.

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

- N/A

**DIRECTOR OF CORPORATE FINANCE, CORPORATE AND COMMERCIAL COMMENTARY**

- The Director of Finance, Corporate and Commercial is satisfied that all material, financial and business issues and potential risks have been considered and mitigated to the extent possible.

**LEGAL IMPLICATIONS – MONITORING OFFICER**

- None

**EQUALITIES AND DIVERSITY**

- There are no equality or diversity issues.

**OTHER IMPLICATIONS**

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

## **WHAT HAPPENS NEXT**

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10. See recommendations above.

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### **Contact Officers:**

**Liam Pippard, Principal Auditor (Surrey County Council)**

**David John, Audit Manager (Surrey County Council)**

### **Consulted:**

Local Pension Board Chair and Vice-Chair

### **Annexes:**

1. Surrey Pension Fund Internal Audit Progress Report July 2023

### **Sources/background papers:**

1. None

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# Internal Audit and Counter Fraud Surrey Pension Fund Internal Audit Progress Report for Quarter One 2023-24 July 2023

## CONTENTS

1. Summary of Completed Audits
2. Action Tracking
3. Pension Fund Audit Plan Update

## 1. Summary of Completed Audits

### Pension Fund Performance Follow Up

- 1.1 An audit of performance management practices within the Surrey Pension Fund was completed in August 2022 with an audit opinion of Partial Assurance. In line with our follow-up protocol, and as part of our planned work for 2023/24, we agreed with the Pension Fund management team to undertake a follow-up review of the agreed actions from this audit.
- 1.2 This audit, part of the agreed 2023/24 plan, set out to assess and provide assurance on the progress made in implementing the agreed actions from the previous audit. Testing did not cover controls which were found to be satisfactory during the previous review. We previously raised three high and one low priority actions during the original review relating to;
- Data integrity;
  - The calculation of service performance;
  - Administration service performance; and
  - Inclusion of response timeframes in member correspondence.
- 1.3 We recognised that significant improvements had been made in all the previous areas identified above in which findings were raised. All three high priority actions from the previous audit had been implemented by management and there was one finding of low priority repeated, which was:
- The expected performance turnaround timeframes for communications received are documented in both the Communications Policy and in the performance, reports presented to the Surrey Pension Board. However, they are not included in documents that are routinely accessed by scheme members or related parties and therefore are not easily accessible or visible.
- 1.4 Overall, we gave an opinion of **Substantial Assurance** following this audit. We identified and repeated one action with management, which was of low priority.

### Pension Fund Banking Controls Follow-Up

- 1.5 An audit of the banking control arrangements for the Surrey Pension Fund was completed in April 2022 with an audit opinion of Minimal Assurance. In line with our follow-up protocol, and as part of our planned work for 2022/23, we agreed with the Pension Fund management team to undertake a follow-up review of the agreed actions from this audit.
- 1.6 We set out to assess and provide assurance on the progress made in implementing the agreed actions from the previous audit. Testing did not cover controls which were found to be satisfactory during the previous review. We previously raised seven high priority actions during the original review relating to;
- The centralising of key responsibilities or accounting management;
  - The invoicing of outstanding compensatory added years (CAY) charges;



- The completion of reconciliations;
- Management of the Pension Fund bank account;
- The recharging of legal and actuarial fees;
- The methodology used to monitor transfers; and;
- The payment of outstanding debts.

1.7 The Council experienced delays in the implementation of MySurrey, which had been identified as the solution to some of the previously agreed actions. MySurrey has now gone live at the time of reporting though a number of the previously raised findings were yet to be fully implemented. However, since our previous review the service has:

- Invoiced, and collected, outstanding Compensatory Added Years (CAY) liabilities dating back to November 2014.
- Recharged scheme employers for legal and actuarial costs dating back to financial year 2017/18.
- Processed payments due to a Fund Manager dating back to 2017.
- Gained control of, and responsibility for, management of the suspense accounts.

1.8 Overall, we did not give an updated opinion following this audit but rather gave management an interim report acknowledging the progress that had been possible. We recognised delays in the implementation of MySurrey contributed to the inability for previously identified actions to be fully implemented and we will complete further follow up work in this area later in the year to seek assurance that the expected improvement in control has been implemented. We will update the Board when this work is completed.

## 2. Action Tracking

2.1 We seek written confirmation from the Pensions team that all high priority actions due for implementation are complete. Where follow-up audits are undertaken, we reassess the progress of all agreed actions (low, medium, and high priority). Periodically we may also carry out random sample checks of all priority of actions.

2.2 All high-priority actions due to be implemented by management by the end of June have been implemented.

## 3. Pension Fund Audit Plan Update

3.1 In accordance with proper professional practice, the Internal Audit annual plan for Surrey Pension Fund is kept under regular review to ensure that we continue to focus our resources in the highest priority areas based on an assessment of risk.

3.2 Below is an overview including relevant updates of the Fund's Internal Audit Plan for 2023/24:

Audit Name	Audit Status	Audit Opinion (If Applicable)
Cyber Security	Not yet started	
i-Connect Application Control	Not yet started	
Administration Review	Not yet started	
Pension Investments	Not yet started	
Admission Arrangements	Not yet started	
Follow Up of the LGPS Performance Management Review	Completed – Final Report Issued	Substantial Assurance
Follow up of the Banking Controls Review	Initial Review Completed as part of 22/23 audit plan - Interim Final Report issued in Q1 this year, further review work will be needed later in the year due to delays associated with the MySurrey implementation	No opinion given at this stage - However, further follow up work will be completed later in the year

## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	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.
<b>Minimal Assurance</b>	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.

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SURREY COUNTY COUNCIL

LOCAL PENSION BOARD

DATE: 28 JULY 2023

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

SUBJECT: SURREY LOCAL PENSION BOARD ANNUAL REPORT 2022/23



#### **SUMMARY OF ISSUE:**

This report summarises activities of the Local Pension Board during 2022/23.

#### **RECOMMENDATIONS:**

The Board is recommended to:

- a) **Note** the content of the draft report (Annexe 1).
- b) **Make** recommendations if required.

#### **REASON FOR RECOMMENDATIONS:**

The Local Pension Board Annual Report will be incorporated into the Pension Fund Annual Report in due course.

#### **DETAILS:**

1. The draft Surrey Local Pension Board Annual Report 2022/23 is presented as Annexe 1.

#### **CONSULTATION:**

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

#### **RISK MANAGEMENT AND IMPLICATIONS:**

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

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

#### **DIRECTOR OF CORPORATE FINANCE COMMENTARY**

5. 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**

6. There are no legal implications or legislative requirements.

#### **EQUALITIES AND DIVERSITY**

7. There are no equality or diversity issues.

#### **OTHER IMPLICATIONS**

8. There are no other implications.

#### **WHAT HAPPENS NEXT**

9. The report will be incorporated into the Pension Fund Annual Report.

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#### **Contact Officers:**

Adele Seex  
Paul Titcomb

Governance Manager  
Head of Accounting and Governance

#### **Consulted:**

Local Pension Board Chair

#### **Annexes:**

- Annexe 1 – Surrey Local Pension Board Annual Report 2022/23

#### **Sources/background papers:**

- None.
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**DRAFT v1**

# Surrey Local Pension Board

Annual Report  
2022/23

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This has been an exciting year of change, delivering one of the most ambitious transformations programmes the Pension Fund has ever undertaken.

We started the year with the launch on 1 May of an integrated 'One' Surrey Pension Team, which brought together Investments & Stewardship, Service Delivery, Accounting & Governance, and Change Management under one roof led by our LGPS Senior Officer, Neil Mason. In December the My Pension Helpdesk previously sitting within the Surrey Orbis Partnership, was also successfully transferred to the Service Delivery team and renamed The Customer Relationship Team.

The Transformation Programme continues to drive improvements prioritising: customer insights; banking controls; culture and training in line with our Vision and Mission .

The Pension Fund continues to grow with 345 employers participating in the Fund including county and district councils, schools, academies, colleges, universities and admitted bodies (such as, cleaning and catering companies performing outsourced services on behalf of participating organisations).

The Board continued to meet during the year to provide the necessary oversight and guidance. This Complies with the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013.

Its primary function is to assist the Pension Fund Committee and Surrey County Council with:

- its compliance with the Local Government Pension Scheme (LGPS) Regulations, other relevant

legislation and requirements imposed by the Pensions Regulator; and

- the effective and efficient governance and administration of the scheme.

The Board has closely tracked the administrative performance of the Fund and its impact on the member and employer experience through quarterly KPI reporting, updates on projects, systems changes and evolving pension legislation and best practice guidance.

It also maintains oversight of the Fund's risk management protocols and risk register.

The Board has taken a lead in reviewing administrative performance, projects, the risk registers, and reporting issues of concern to the Committee. It also reviews the activities of the Committee at each subsequent meeting, providing its input as required.

I would like to take this opportunity to thank all members of the Board for their contributions during the year and for the support of officers. I would also like to pay personal tribute to the immense amount of hard work carried out by the Surrey Pension Team, I thank you all.

The meetings of the Board are held in public. We welcome anyone with an interest in the Fund to attend and see for themselves how we operate. We are also open to suggestions from both employers and members about how we can best support them.

You can find out more by writing to the Governance Manager at the Surrey Pension Team ([adele.seex@surreycc.gov.uk](mailto:adele.seex@surreycc.gov.uk))

**Tim Evans**

Chair of the Surrey Local Pension Board

*July 2023*



## Compliance checklist

To secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.	How the Board does this:
a Review regular compliance monitoring reports which shall include reports to, and decisions made under the Regulations by the Committee.	The Board and Committee receive regular updates regarding their respective activities. The Board and Committee are committed to working together. The Board receives updates on the Border to Coast Pension Partnership (BCPP) pool.
b Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.	The Board has oversight of Pension Fund policies and processes. The Board reviews Key Performance Indicators (KPIs) for pension administration on a quarterly basis
c Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	The Board reviewed employer pension discretions in July 2016 and have continued to monitor compliance over the subsequent years. The Board received a report on Compliance with the Pensions Regulator's Code of Practice No. 14 at its meeting on 11 November 2021. A review is underway by Surrey Pension Team.
d Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	This was reviewed as part of the Fund Annual Report on 17 November 2022, with specific policies also reviewed periodically in 2022/23 meetings. The Board will review these on an annual basis as part of the Fund Annual Report and as part of its Forward Plan.
e Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	The Board was provided with an outline of the current communications channels for members and employers as part of a training session in October 2015. The Draft Communications policy was presented to the Board at its meeting on 17 February 2022.
f Monitor complaints and performance on the administration and governance of the scheme.	The Board reviews complaints on a quarterly basis.
g Assist with the application of the Internal Dispute Resolution Process.	The Board receives a quarterly update on the number of Internal Dispute Resolution Process cases and monitors any key themes emerging from these.

To secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.

How the Board does this:

h	Review the complete and proper exercise of Pensions Ombudsman cases.	N/A – No current or outstanding Ombudsman cases to consider
i	Review the implementation of revised policies and procedures following changes to the Scheme.	N/A – No changes. The Board is fully conversant on current proposed changes to the LGPS regulations through regular bulletins within the standing item Recent developments in the LGPS
j	Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	The Board will review its own training needs on an annual basis. A knowledge and understanding log is included in the Board's annual report. All Board members are required to complete the Pension Regulator Public Sector toolkit in order to comply with the Board's Attendance, Knowledge and Understanding policy.
k	Review the complete and proper exercise of employer and administering authority discretions.	The Board received a verbal update on discretions on 11 November 2021. A review is underway by the Surrey Pension Team.
l	Review the outcome of internal and external audit reports.	The Board complies with Surrey County Council's agreed process for internal audit reports being considered by scrutiny boards. This means all relevant audit reports are circulated to the Chairman, and any report with one or more high priority recommendation will be considered for discussion at the Board. The results of any external audit are shared with the Board.
m	Review draft accounts and scheme annual report.	The Board received both the Draft Statement of Accounts and Fund Annual Report 2021/22 on 30 November 2022.
n	Review the compliance of particular cases, projects or process on request of the Committee.	N/A
o	Any other area within the core function (i.e., assisting the Administering Authority) the Board deems appropriate.	The Board receives a regular Breach of Law update as and when potential breaches occur, the last report was on 18 February 2022.

## Meetings and agenda items 3

Meeting date	Agenda items
26 May 2022	<ol style="list-style-type: none"> <li>1. Summary of the Pension Fund Committee Meetings of 10 March 2022</li> <li>2. Risk Registers 2021/22 Quarter 4</li> <li>3. Administration Performance Report 1 January 2022 – 31 March 2022</li> <li>4. Turnaround Update</li> <li>5. Progress Update of 2021/22 Internal Update (Part Two)</li> <li>6. Border to Coast Governance Update (Part Two)</li> </ol>
29 July 2022	<ol style="list-style-type: none"> <li>1. Summary of the Pension Fund Committee Meetings of 17 June 2022</li> <li>2. Risk Registers 2022/23 Quarter 1</li> <li>3. Administration Performance Report 1 April 2022 – 30 June 2022</li> <li>4. Transformation Programme Update</li> <li>5. Progress update of 2021/22 Internal Audit Plan</li> <li>6. 2022 Valuation</li> <li>7. Surrey Local Pension Board Annual Report 2021/22</li> <li>8. Update on Cyber Security and Business Continuity</li> <li>9. LGPS- Recent Developments</li> </ol>
11 November 2022	<ol style="list-style-type: none"> <li>1. Summary of the Pension Fund Committee Meeting of 23 September 2022</li> <li>2. Risk Register Update 2022/23 Quarter 2</li> <li>3. Administration Performance Report and Update 1 July 2022 to 30 September 2022</li> <li>4. Transformation Programme Update</li> <li>5. Internal Audit Update</li> <li>6. 2022 Valuation</li> <li>7. LGPS – Background Papers</li> </ol>
17 February 2023	<ol style="list-style-type: none"> <li>1. Summary of the Pension Fund Committee Meeting of 16 December 2022</li> <li>2. Risk Registers 2022/23 - Quarter 3</li> <li>3. Administration Performance Report and Update 1 October 2022 to 31 December 2022</li> <li>4. Change Programme Update</li> <li>5. Internal Audit Update</li> <li>6. 2021/2022 External Audit Update</li> <li>7. 2022 Valuation</li> <li>8. Training Policy 2023/24</li> <li>9. Communication Policy Statement 2023/24</li> <li>10. LGPS Update (Background Paper)</li> </ol>

## Board attendance and training log 4

### Members of the Local Pension Board

Name	Initials	Position	Representing	Appointed	Appointment ended
Tim Evans	TE	Chair	Independent Chair	19/07/2021	-
David Lewis	DL	Vice-Chair	Scheme Employers	19/07/2021	-
Siobhan Kennedy	SK	-	Scheme Members	29/04/2020	-
William McKee	WM	-	Scheme Members	19/07/2021	-
Fiona Skene	FS	-	Scheme Members	10/12/2020	-
Jeremy Webster	JW	-	Scheme Employers	19/07/2021	-
Trevor Willington	TW	-	Scheme Members	17/07/2015	-
Brendan Bradley	BB	-	Scheme Members	06/12/2022	-

Key ✓ = Attended

### Meeting attendance

Name	May 2022	July 2022	November 2022	February 2023
Tim Evans	✓	✓	✓	✓
David Lewis	✓	✓	✓	Apologies
Siobhan Kennedy	✓	Apologies	✓	Apologies Joined Meeting Remotely
William McKee	Apologies	✓	✓	✓
Fiona Skene	✓	X	X	Apologies Joined Meeting Remotely
Jeremy Webster	✓	✓	✓	Apologies
Trevor Willington	Apologies Joined Meeting Remotely	Apologies Joined Meeting Remotely	Apologies	Apologies
Brendan Bradley	N/A	N/A	N/A	✓

## Training of current Board members

Name	The Pensions Regulator Public Sector Toolkit	Local Government Association Fundamentals 1	Local Government Association Fundamentals 2	Local Government Association Fundamentals 3
Tim Evans	-	-	-	-
David Lewis	✓	-	-	-
Siobhan Kennedy	✓	✓	✓	✓
William McKee	✓	✓	✓	✓
Fiona Skene	-	-	-	-
Jeremy Webster	✓	-	-	-
Trevor Willington	✓	✓	-	✓
Brendan Bradley	✓	-	-	-

## Additional Training

Name	Employers Pensions Fund Annual Engagement (AGM) 18/11/2022	Hymans Valuation Training 16/06/22	LGA Governance Conference (2 days 19-20/1/23) In person attendance	LGA Governance Conference (2 days 19-20/1/23) Online attendance
Tim Evans	✓	-	✓	-
David Lewis	-	✓	-	✓
Siobhan Kennedy	✓	-	-	-
William McKee	-	✓	-	-
Fiona Skene	✓	-	-	-
Jeremy Webster	-	✓	✓	-
Trevor Willington	-	-	-	-
Brendan Bradley	N/A	-	-	-

The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) as a “financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board, but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme.”

A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility towards the Local Pension Board, such that it might be reasonably questioned whether the actions or decisions of that person are influenced by their own interests.

A conflict of interest would prejudice an individual’s ability to perform their duties and responsibilities towards the Local Pension Board in an objective way.

An example of a potential conflict of interest could be:

A Local Pension Board member may be required to review a decision which may be, or appear to be, in opposition to another interest or responsibility, e.g.(s):

- a review of a decision which involves the use of departmental resource in the function of the Local Pension Board, whilst at the same time being tasked with reducing this departmental resource by virtue of their employment.
- a Local Pension Board member could also be employed or have an interest in either privately or as part of the Council in a service area of the Council for which the Local Pension Board has cause to review.
- an independent member of the Local Pension Board may have a conflict of interest if they are also advising the Scheme Manager.

## Register of interests

Name	Employment	LGPS Pension?	Conflict with Employment?	Note	Other conflicts
Tim Evans	N/A	Yes	No	N/A	N/A
David Lewis	N/A	No	No	N/A	N/A
Siobhan Kennedy	Homelessness, Advice & Allocations Lead for Guildford Borough Council.	No	No	N/A	N/A
William McKee	Retired	Yes	No	N/A	N/a
Fiona Skene	Corporate Head of HR & OD – Runnymede Borough Council	No	No	Employed by an employer of the fund. If a conflict was to arise, this would be mitigated by the Board member removing themselves from the discussion.	N/A
Jeremy Webster	Retired		No	N/A	N/A
Trevor Willington	N/A	Yes	No	N/A	N/A
Brendan Bradley	Head of Finance for Epsom & Ewell Borough Council.	No	No	N/A	N/A

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**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE: 28 JULY 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE AND COMMERCIAL****SUBJECT: UPDATE ON CYBER SECURITY AND BUSINESS CONTINUITY****SUMMARY OF ISSUE:**

This report considers the review of Cyber Security work recently completed by the Surrey Pension Team.

**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 Local Pension Board previously received an update on 29 July 2022 following a light touch review on cyber security and business continuity arrangements in view of the escalating situation in Ukraine and the evolving geopolitical landscape.

**Background**

2. Following the above update, the decision to move the hosting of Altair to the software provider, Heywood was taken in late in 2022. At the same time, an end-to-end review of all cyber security activity was commissioned and conducted to ensure all issues across the Surrey Pension Team are considered collectively to implement necessary controls to be in place and develop suitable cyber security and business continuity approach.
3. The work entailed a full end-to-end review of cyber security arrangements of all third party providers who provide services to the Surrey Pension Fund (SPF) and with whom the Fund shares information. Cyber security policies or similar documents such as Security Policy/Privacy Notice that touch on cyber security were requested, obtained and reviewed to assess the adequacy.

## Summary of information gathered and reviewed

4. The review identified at least 64 third-party providers which were classified into 3 categories – 34 Advisory providers, 23 providers (including Surrey County Council (SCC) as the Administering Authority) with whom the Fund information is shared for several reasons and the remaining 7 with no specific classification – See Annex.
5. Although there are over 300 employers in the Fund, the arrangements within the 12 major employers in the Fund were used, for this review. This included SCC as the largest employer in the Fund and the 11 districts and boroughs in Surrey. Ongoing future work will include an annual review of a sample of other employers to ensure that their cyber security arrangements are adequate.
6. For the purposes of this review, arrangements in place for a sample of 6 major third parties was chosen and included CFH Docmail Limited, Eversheds-Sutherland, Heywood, Hymans Robertson, Mercer, and SCC. The findings are recorded below.

## Detailed findings

7. From the information provided we noted that some organisations have detailed Cyber Security policies and provided either Privacy Notices or ISO 27001 Certificates as proof of their commitment to information security.
8. Achieving ISO 27001 certification by an organisation acts as a business differentiator, affirming to suppliers, stakeholders, and clients that the organisation takes information security management seriously. It demonstrates to other businesses that the organisation can be trusted to manage valuable third party information assets/data and intellectual property. It has implemented an Information Security Management System (ISMS) in line with Clause 4.4 of the standard to assure compliance to an external auditor or an independent ISO certification body such as UKAS, the National Accreditation Body for the UK.
9. Other certification bodies comparable to UKAS exist internationally, which helps maintain the ISO/IEC 27001 Information Security Management standard wherever an organisation aims to achieve ISO 27001 certification. ISO 27001 certification is not only about adequate technical measures in place but also about ensuring that the business controls and the management processes in place are adequate and proportionate for the information security threats and opportunities which have been risk assessed.

## Selection of Major Third Parties

### CFH Docmail Ltd

10. Version 8 of the Information Security Policy of CFH Docmail Limited was reviewed. The document created in March 2011 had been reviewed annually except in the years 2013, 2016 and 2019. The latest review was completed in August 2022 by the Group Head of QHSE & Compliance and the next review is due in August 2023. Two Certificates of Assurance dated 13 Jan 2022 and 1 Feb 2022 for Profile Versions Beacon and April 2020 respectively were provided by CyberSmart to confirm that CFH Docmail Ltd meets the Cyber Essential's implementation profile at the time of assessment. CFH Docmail Limited also holds the Certificate of Registration from the British Standards Institution (BSI) for their ISMS which affords them ISO/IEC 27001:2013 accreditation until 15 December 2023.

### **Eversheds-Sutherland**

11. Eversheds-Sutherland is a global company which operates in several countries and serves numerous types of clients in various industries. Based on client requirements, the Privacy Notices available on their website is very detailed, comprehensive, and easy to follow. It outlines what the Privacy Notice is about, category, types and sources of personal data collected, who the personal data is shared with and the reason for doing so, where personal data is transferred to, how it is kept secure, for how long it is kept, the individual's privacy rights and how to exercise them etc. There are 2 tables which details the purposes for which personal data and special categories of personal data are processed.

### **Heywood**

12. Heywood Pension Technologies provide the Altair software system from which the Surrey Pension Administration functions are conducted. Review of V2 of the document dated 18 February 2022 and titled 'Selected Policies and Procedures' (Commercial in Confidence) recorded that they hold ISO 27001: 2013 accreditation. The first edition (V1) was dated 16 February 2022 and subsequently revised 2 days later to include Disaster Recovery. The document contains Information Security Management Policy, Access Management Policy, Business Continuity Policy, Disaster Recovery Policy, and Data Protection Procedure. Each of these sections details sub-areas covered within these headings. It is understood that cyber security arrangements for Atmos used for mortality screening by SPF are managed by Heywood.

### **Hyman Robertson**

13. Hyman Robertson LLP is the SPF's Actuary and provided a document titled "The Protection of Client Data Document" prepared by their Information Security Manager and updated in July 2022. The measures in place are described under the headings of Governance, Data Handling Processes and Procedures, Information Exchange Security, External Data and System Protection, ISMS (ISO/IEC 27001:2013 certified), Web, Internal Data and System Protection, Third Parties, Business Continuity, Staff Vetting, Training, Security Incident or Data Breach Reporting and Audits and Security Checks. They confirmed taking information security very seriously and have invested considerable time and money to ensure that data is handled safely and securely. They continue to seek improvements to processes and systems to prevent abuses.

### **Mercer**

14. The SPF uses Mercer as one of their consultants for their investments. They are part of the global Marsh and McLennan Group and their confidential Information and Cyber Security Programme guide (last revised on 21 May 2020) details the arrangements in place in numerous sections to confirm that their policies and procedures are based on common cyber security frameworks and standards including, but not limited to, ISO/IEC:27001 and the NIST SP800-53 Risk Management Framework. They have a dedicated Chief Information Security Officer and outline the roles and responsibilities for staff and allow the Company to take disciplinary action for violation of the policies, up to and including termination of employment or contract for services. The Company also undertakes regular audits and risk and compliance assessments which are regularly shared with their external auditors as part of Sarbanes-Oxley S404 reviews. They implemented an Information Classification Policy in 2018 and continue to use it. Security of personnel, physical and environment, communications and operations management, network, access controls, incident management, disaster recovery etc. are also highlighted. However, the document was last revised on 21 May 2020.

### **Surrey County Council**

15. The council continues to have a comprehensive IT Security policy and a Business Continuity Plan (BCP) which are regularly updated. The Fund draws on and uses the council's policies and BCP arrangements. The programme to align and embed systems, processes, and culture within the Surrey Pension Team (SPT) is ongoing. The aim is to enable the SPT to operate its pension related activities separate from the council operations while providing excellent and consistent customer service to all its customers and stakeholders to meet the SPT's Vision and Mission. This cyber security review of the various external organisations that support the operations of all the teams within SPT may allow the first steps in developing a specific cyber security policy and BCP for the SPF. This would clearly draw on and align with SCC best practice in this area.

### **Other large employers (SCC and Districts and Boroughs)**

16. SCC is the largest employer in the SPF and the arrangements in place have been described in para 15 above. In addition, there are 11 districts and boroughs in the SPF and policies, or privacy notices were made available for 5 councils (Elmbridge BC (EBC), Epsom & Ewell BC (E&EBC), Guildford BC (GBC), Runnymede BC (RBC) and Waverley BC (WBC)) from their websites and reviewed.
  - EBC has a Data Protection Policy dated October 2020 and a Privacy Notice.
  - E&EBC has a Privacy Notice.
  - GBC has a brief statement on how the data obtained is used.
  - RBC has a detailed Privacy Policy which also includes a section on Privacy Notices for each Department within RBC and must be selected to view. It showed that Democratic Services, Information Governance and Legal Teams hold the same Privacy Notice on data.
  - WBC detailed their Privacy Notice and Data Protection in a single document.
17. Hard copies provided by 3 councils (Mole Valley DC (MVDC), Reigate & Banstead BC (RBBC) and Surrey Heath BC (SHBC)) were reviewed. They included Information Security Policies for MVDC (approved Version 7.0 of 22 Feb 2022) and SHBC (v2022) and the latter was pending review. RBBC provided a brief ICT Code of Practice document dated March 2021 and confirmed that they do not have a Cyber Security Policy.
18. Tandridge DC was unable to provide a policy but confirmed that it holds ISO 27001 accreditation, but a copy was not provided. Woking BC provided a link to their ICT Security Guidance (2020).
19. Information has not yet been received from Spelthorne BC.

### **Other Third- Party Providers**

20. In addition to the third-party policies reviewed in paras from 10 to 14 above, documents for Cyber Security arrangements in place have been provided by ABRDN, Aztec, CEM Benchmarking, Darwin Property Investment Management, Deepstore, Glenmont Technology, ITM, Newton IM (BNY Mellon), Northern Trust, Pantheon and Pendragon. Links were made available to access other identified third parties. However, these were not selected for detailed review at this time.

## **Future work following this review**

21. Further work is likely to include:

- a. Reviewing the arrangements in place for all employers and any other known stakeholders and/or third parties in the Fund.
- b. Reviewing all the contracts that are in place for pensions and ensuring adequate contract monitoring arrangements and business continuity plans are in place.
- c. Ensuring appropriate implementation of all of Surrey Pension Team's processes and workflows in a joined-up manner in the relevant systems (Altair, My Surrey, i-Connect, Pension Dashboard etc.).

## **Conclusion**

22. A sample of arrangements in place have been covered in this report providing assurance in those areas reviewed.
23. Significant reliance is placed on third-party and other related stakeholders for cyber security arrangements. Consideration will be given to the development of a comprehensive SPT specific Cyber Security Policy and Business Continuity Plan which can be regularly reviewed and maintained.

### **CONSULTATION:**

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

### **RISK MANAGEMENT AND IMPLICATIONS:**

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

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

26. 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**

27. 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**

28. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY**

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

### **OTHER IMPLICATIONS**

30. There are no other implications.

### **WHAT HAPPENS NEXT**

31. The following next steps are planned:

Reports will be brought to the Local Pension Board as appropriate.

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#### **Contact Officers:**

Siva Sanmugarajah  
Paul Titcomb

Risk & Compliance Manager  
Head of Accounting and Governance

#### **Consulted:**

Local Pension Board Chair

#### **Sources/background papers:**

Annexe – Third Party categorisation

## Third Party categorisation

Third Party	Activity	Information Shared or Advisory
Surrey CC	Administering Authority	Shared
ABRDN	Asset Manager	-
AON	Actuary	Shared
Atmos	Mortality Screening	Shared
Barclays	Banking	Shared
Barnett Waddingham	Actuary	Shared
Black Rock	Investment Advisor	Shared
Border to Coast	Pooling Partner	Shared
Browne Jacobson	Legal Advice	Advisory
Byhiras	Software Provider	-
Capital Dynamics	Asset Manager	Advisory
Capita	Consulting	Advisory
CBRE	Asset Manager	Advisory
CEM Benchmarking UK Ltd	Information	Advisory
CFH Docmail	Software Provider	Shared
CIPFA	Professional Institute	Advisory
Club Vita	Data collection and analysis	Shared
Darwin Investments	Asset Manager	Advisory
Deepstore (microfiche)	Archive Data Storage	Shared
Digital Mail	Mailhouse	Shared
DWP	Advisor	Advisory
East Sussex Council	LGPS Fund	Advisory
EMAP	Information Service	Advisory
Equitable Life	AVC'S	Shared
Eversheds	Legal Advice	Shared
GAD	Reg's Information	Advisory
Glennmont	Asset Manager	Advisory
Goldmansachs	Asset Manager	Advisory
Gov Emails	External Provider	Shared
Grant Thornton	Auditor	Shared
Heywoods	Software Provider	Shared
HG Capital	Private Equity	Advisory
HSBC	Banking	Shared
Hymans Robertson	Actuary	Shared
IGA Talent Solutions Ltd	Resourcing	Advisory
ITM	Data Validator	-
Legal & General	Investment Manager	Advisory
Lincoln Pensions Ltd	Advisor	Advisory
Living Bridge (ISIS)	Asset Manager	Advisory
Local Government Association	Information/Guidance	Advisory
Mercer	Actuary/Administrator	-
Minerva Analytics Limited	Voting & RI Consultant	Advisory
MJ Hudson	Independent Investment Advisor	Advisory
Morgan Stanley liquidity funds	Investment Manager	Advisory
Office of National Statistics	Information	Advisory
Natwest	Banking	Shared
Newton Investment Management	Asset Manager	Advisory
NIDB - SYPA	Data Validator	Shared
Northern Trust	Custodian	Advisory
Oracle	Software Provider	-
Pantheon LTD	Private Equity	Advisory
Pensions & Lifetime Savings Association	Information	Advisory
Pentag	Reg's Information	Advisory
Perspective Publishing Limited	Asset Manager	Advisory
Phoenix Software	Software Provider	-
Prudential	Inhouse AVC'S	-
Redactive	Publishing Agency	Advisory
Restore	Record Management	Advisory
Squire Patton Boggs	Legal Advice	Advisory
Standard Life	Inhouse AVC'S	Shared
Tyne and Wear Pension Fund	LGPS Fund	Advisory
Utmost Life	Inhouse AVC'S	Shared
West Midlands Pension Fund	LGPS Fund	Advisory
Western Union	Overseas Payment Provider	Shared

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SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 28 JULY 2023

LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE 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 <b>McCloud consultation response submitted</b>	Consultation held on amendments to the LGPS regulations to implement the McCloud remedy. More information on McCloud in paragraphs 23, 24, 27, 28 and 42.
2 <b>Delay to Pensions Dashboards</b>	With the announcement of delay to Pensions Dashboards, schemes are being urged to continue preparing for connection and new connection deadlines will be removed from Dashboards regulations and provided in guidance. More information in paragraphs 17 to 22 and 31.
3 <b>Revised factors received following SCAPE discount rate change</b>	Following change to the SCAPE discount rate, new transfer out and divorce quotations were suspended from 30 March 2023. Also affected were transfers in, actual transfers out and the splitting of pension following a Pension Sharing Order. Revised factors now being received in batches, but this has caused some delays in issuing information by the team, who will now work through cases that were put on hold. Other actuarial factors will be affected. More information can be found in paragraph 5.
4 <b>Investments and Climate Related Financial Disclosures highlighted</b>	With much focus on these topics, DLUHC have launched a consultation on next steps for LGPS investing. In addition, a recent Bill has been introduced which will extend to LGPS investment decisions and TPR have provided guidance and information for schemes. More information can be found in paragraphs 8, 10, 15, and 33 to 36.

## LGPS updates

5. Following the change on 30 March 2023 to the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate, on 1 June 2023 GAD issued revised factors for Cash Equivalent Transfer Values (CETV) and for pensioner divorce purposes, Cash Equivalent Value (CEV) factors. On 3 July 2023 revised factors were received for transfers in and early retirement reductions. Late retirement increases factors were also received on 3 July but will not be effective until 1 September 2023, all other factors are effective immediately. Two more batches are expected around the end of July and August.
6. New factors and memorandum guidance for Club transfers is also expected to come into force on 1 October 2023, to take into account the changes relating to the SCAPE discount rate, McCloud and the CARE revaluation date, for both the LGPS and NHS, moving to 6 April.
7. The LGA have published a FAQ on backdated pay awards for employers as well as updating some of their guides.
8. The Department for Levelling Up, Housing and Communities (DLUHC) have launched a consultation on the next steps for LGPS investing. The consultation seeks views on proposals in 5 areas:
  - First, the government sets out proposals to accelerate and expand pooling, with administering authorities confirming how they are investing their funds and why. While pooling has delivered substantial benefits so far, we believe that the pace of transition should accelerate to deliver further benefits which include improved net returns, more effective governance, increased savings and access to more asset classes. We propose a deadline for asset transition by March 2025, noting we will consider action if progress is not seen, including making use of existing powers to direct funds. Going forward, we want to see a transition towards fewer pools to maximise benefits of scale.
  - Second, the government proposes to require funds to have a plan to invest up to 5% of assets to support levelling up in the UK, as announced in the [Levelling Up White Paper \(LUWP\)](#). This consultation sets out in more detail how the Government proposes to implement this requirement and seeks views on its plans.
  - Third, the government is proposing an ambition to increase investment into high growth companies via unlisted equity, including venture capital and growth equity. The government believes there are real opportunities in this area for institutional investors with a long-term outlook, such as the LGPS.
  - Fourth, the government is seeking views about proposed amendments to the LGPS's regulations to implement requirements on pension funds that use investment consultants. These amendments are needed to implement the requirements of an order made by the Competition and Markets Authority (CMA) in respect of the LGPS.
  - Finally, the government is proposing to make a technical change to the definition of investments within LGPS regulations.

## Scheme Advisory Board (SAB)

9. The SAB have updated their [website](#), the content remains the same.
  10. The SAB provided a statement on [Freedom of Information \(FOI\) requests on climate advice and data](#), which provides advice on dealing with such requests due to the increase for requests of information about responsible investment policies.
  11. The SAB published a report on the [gender pensions gap in the LGPS](#) from the Government Actuaries Department (GAD). The Board noted the findings need to be interpreted with caution and will do further work to understand the data, investigate the causes together with considering the possible next steps.
  12. The SAB are running a series of free in person training sessions on Code of Transparency (CoT) which is aimed at officers within administering authorities, Local Pension Board and Committee Members with an interest in investment and governance issues. The sessions are in person and will provide:
    - An explanation of the purpose and background of SAB's ground-breaking Code of Transparency.
    - A case study from an LGPS fund on how investment cost information has been used.
    - A troubleshooting session on how to use the online reporting system (for administering authority officers only).
    - A facilitated discussion on the information that fund officers should be receiving and how this information should be reported to pension boards and committees (for administering authority officers only).
- The dates and locations can be found within [bulletin 239](#).
13. Following [legal advice](#) received, the SAB has commissioned expert advice around Sharia compliance from Amanah Associates. The report is expected in two months' time.
  14. The DLUHC published its [response to the consultation](#) on changes to the SAB's cost management process and the Government laid the [Local Government Pension Scheme \(Amendment\) \(No.2\) Regulations 2023](#) which came into force on 1 June 2023. This will give the SAB greater flexibility in making recommendations to the Secretary of State where there is a breach as well as better aligning the SAB's cost management process with HM Treasury's reformed cost control process. The SAB process will operate before HMT's cost control mechanism.
  15. On 19 June the UK Government introduced into Parliament the [Economic Activity of Public Bodies \(Overseas Matters\) Bill](#), which is aimed to prevent public bodies from being influenced by political or moral disapproval of foreign states when taking certain economic decisions, subject to certain exceptions. The Bill will extend to LGPS investment decisions, and the Pensions Regulator will be given power to enforce the ban on LGPS administering authorities. On 23 June the SAB responded stating they will discuss this further in their meeting on 17 July 2023. More of their initial response can be found on their [website](#).
  16. The SAB have published their [tenth Annual Report](#), this provides a single source of information about the status of the LGPS for its members, employers and other stakeholders.

## Pensions Dashboard Programme (PDP)

17. A [written ministerial statement](#) has been published giving an update on dashboards. This confirms the Department for Work and Pensions (DWP) have laid the draft [Pension Dashboards \(Amendment\) Regulations 2023](#) to remove the phased staging timeline, replacing this with a single connection deadline of 31 October 2026. The regulations will allow the DWP and the Money and Pensions Service (MaPS) to issue guidance setting out a staging timeline for schemes which schemes must have regard to.
18. The Pensions Regulator (TPR) published a blog [‘Make time to get your data dashboard-ready’](#), encouraging schemes to continue working on data to ensure they are ready for dashboards and what they should be considering in preparation. TPR also amended their [guidance](#) following the ministerial statement.
19. PDP published its [latest news](#) on dashboards, with articles including:
  - The written ministerial statement which confirmed there will be an update on pensions dashboards connection times before the summer recess in July.
  - Frequently asked questions on the new approach to connection.
20. The PDP commissioned Ipsos to undertake [research to help develop consent and authorisation wording](#) for dashboards. The research group covered a range of ages, income levels and pension types and were asked to provide feedback on draft versions of consent and authorisation wording that would appear on dashboards. This explained what the Money and Pensions Service would and would not do with the users’ data and asked for consent for these uses. Feedback was positive and will help to further shape the wording.
21. The Pensions Administration Standards Association (PASA) [published guidance on value data](#) and aims to give pension schemes ‘good practice’ approaches to providing value data to the dashboards. The LGPS secretariat contributed to the guidance ensuring it covered specific recommendations for public service pension schemes.
22. The [Pensions Dashboards \(Prohibition of Indemnification\) Act 2023](#) will prohibit trustees and managers of occupational and personal pension schemes from being reimbursed out of scheme assets for any penalties imposed on them under the dashboard regulations.

## McCloud

23. DLUHC published their [response](#) to the initial consultation on McCloud which closed on 8 October 2020. A further consultation and draft regulations, was launched on 30 May 2023, closing on 30 June 2023, seeking views on:
  - Underpin protection to apply to members who were in the LGPS on or before 31 March 2012 and joined the CARE scheme before 1 April 2022, regardless of whether those former LGPS benefits have been combined or not, providing there is not a disqualifying break (no more than a 5 year break in a public service pension scheme to which the periods relate).
  - Members also qualifying for the underpin if they have previous membership in another public service pension scheme on or before 31 March 2012, even if those former benefits have not been transferred to the LGPS, again providing there is not a disqualifying break.
  - Underpin protection to apply on benefits built up after flexible retirement, providing the member flexibly retired before 1 April 2022.
  - Policies for teachers with excess service.
  - Compensation and interest.

The underpin period will be from 1 April 2012 to 31 March 2022 and the regulations are due to come into force on 1 October 2023.

The Surrey Pension Team responded to the consultation on 30 June and the response will be shared with the Pension Committee. The [LGA also responded](#) to the consultation on 30 June. Main concerns raised are:

- Lack of lead in time with regulations likely to be finalised and laid late September but effective from 1 October.
  - As a result of the above, pension system software will not be updated by 1 October to undertake calculations to apply the new underpin, leading to increased workload where either these are calculated manually and then revisited and replicated once the system is updated, or processing as is and revisiting as part of the McCloud project.
  - Gathering of information from members who have other public sector pensionable service which has not been transferred, to ascertain if underpin protection applies and then validating this with other public service pension schemes.
  - Draft regulations and HMRC's tax legislation does not currently cover teachers excess service.
24. The DLUHC have worked with the SAB and published a [factsheet](#) summarising the McCloud remedy for LGPS members.

#### **HM Treasury (HMT)**

25. HMT published a [written ministerial statement](#) and [further detail](#) on the cost control mechanism and reformed scheme only design. This confirms only reformed scheme design will be included in the cost control mechanism, any cost increases associated with final salary benefits and the impact of the McCloud remedy will be excluded.

#### **HMRC**

26. HMRC published [Pension Schemes newsletter 149](#), which confirmed schemes can continue to use their current process when paying death grants that may exceed the lifetime allowance (LTA). Within the Budget on 15 March 2023, it was announced pensions administrators would be responsible for liaising with the personal representatives and if the LTA was exceeded, deduct tax as if it were pension income. The process has been withdrawn following concerns raised in a working group.
27. HMRC launched a consultation on [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) \(No.2\) Regulations 2023](#), which closed on 19 June 2023 and is to supplement [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023](#), which came into force on 6 April 2023. The first set of regulations modifies various tax legislation, ensuring correct tax treatment is applied following the implementation of the McCloud remedy, the further regulations propose further modifications. The [LGA responded](#) and point out the regulations do not deal with tax issues in relation to teachers excess service. HMRC have published [guidance on the draft regulations](#).
28. HMRC published a [Remedy newsletter](#) providing information on the draft rectification regulations mentioned above. HMRC also request a named contact from each public service organisation, to set up initial meetings to help developing HMRC's processes in support of the McCloud remedy. They are also looking to publish McCloud remedy guidance.

## Department for Work and Pensions (DWP)

29. The DWP published a [call for evidence](#) on the alternative quality requirement used by defined benefit schemes for automatic enrolment (AE), this is to conclude whether existing requirements continue to be achieved.
30. The DWP published a [review of the Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#), which they agreed to review within 18 months of the regulations being operational. They conclude that the policy intent remains appropriate, however there is concern about applying the regulations and will work with industry and TPR to consider if changes could be made to improve the process without undermining policy intent.

## The Pensions Regulator (TPR)

31. TPR held a webinar, which was [recorded](#), on dashboards covering data preparation duties and steps schemes need to take to ensure their data is accurate, complete, up-to-date and digitally accessible.
32. TPR published its [corporate plan for 2023/24](#) outlining TPR's key priorities for the year, including working with the Financial Conduct Authority and DWP to develop a value for money framework, launching the new defined benefit funding code, increasing its attention on tackling scammers and supporting schemes to prepare for dashboards.
33. TPR published new guidance on [liability driven investments \(LDI\)](#) which sets out further practical steps schemes should take to manage risks.
34. TPR published a [review of climate related disclosures by occupational pension schemes](#). Whilst their review relates to private pension schemes, based on a selection of climate-related disclosures published by occupational pension schemes, it contains observations which may be useful for LGPS funds ahead of Task Force on Climate-Related Financial Disclosures (TCFD) reporting.
35. TPR [published a blog](#) on why ignoring environmental, social and governance (ESG) factors can no longer be ignored.
36. TPR published a blog on [protecting savers from economic volatility](#), reminding trustees to continue to act on their guidance on managing risks in liability-driven investments.
37. TPR authorised the UK's first Collective Defined Contribution (CDC) scheme, being the Royal Mail Collective Pension Plan.

## The Pensions Ombudsman (TPO)

38. TPO is expanding its network of volunteer advisers and more information can be found on [TPO's website](#).

## Other news and updates

39. The Department for Education (DfE) [published their policy](#) for guaranteeing the outsourcing arrangements of academy trusts, which only applies to England. Education and Skills Funding Agency (ESFA) approval is no longer required by academy trusts seeking pass-through arrangements with their administering authority for outsourcing contracts for employees covered by the DfE Guarantee policy.
40. The LGA annual governance conference will be held in York on 18 and 19 January 2024, booking will open in July.

41. The LGA are hosting a three-day Fundamentals training course and is mainly aimed at elected members and others who attend Pension Committees and Local Pension Boards. The course provides a scheme overview, current issues relating to administration, investments and governance. The training is available in person in either Manchester or London as well as online sessions over two days. More information on dates and booking can be found in [bulletin 239](#).
42. The Court of Appeal has granted unions permission to appeal against the recent High Court judgement over the government's proposed method of meeting the cost of implementing the McCloud remedy in public sector schemes.

#### **CONSULTATION:**

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

#### **RISK MANAGEMENT AND IMPLICATIONS:**

44. None.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

45. None.

#### **DIRECTOR OF CORPORATE FINANCE COMMENTARY**

46. 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**

47. None.

#### **EQUALITIES AND DIVERSITY**

48. There are no equality or diversity issues.

#### **OTHER IMPLICATIONS**

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

#### **WHAT HAPPENS NEXT**

50. No next steps are planned

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#### **Contact Officers:**

Sandy Armstrong      Technical Manager  
Paul Titcomb          Head of Accounting and Governance

**Consulted:** Local Pension Board Chair

**Annexes:** None

**Sources/background papers:** None

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