

## Notice of Meeting

# Surrey Local Pension Board



**Date & time**  
Friday, 10  
November 2023 at  
10.30 am

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

**Contact**  
Angela Guest  
angela.guest@surreycc.gov.u  
k

**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, Trevor Willington (Surrey LGPS Members) and , Vacancy (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 VOTE OF THANKS

The Board to give vote of thanks to Fiona Skene who has retired from the Board.

### 3 MINUTES FROM THE PREVIOUS MEETING: 28 JULY 2023

(Pages 5  
- 12)

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

### 4 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.

### 5 QUESTIONS AND PETITIONS

To receive any questions or petitions.

#### Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (6/11/23).
2. The deadline for public questions is seven days before the meeting (3/11/23)
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

### 6 GLOSSARY, ACTION TRACKER & FORWARD PLAN

(Pages  
13 - 22)

For Members to consider and comment on the Board's recommendations tracker and workplan.

### 7 CHANGE PROGRAMME UPDATE - QUARTER 3

(Pages  
23 - 32)

This paper details the Change Team Quarterly Report for the period July - September 2023.

**8 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 8 SEPTEMBER 2023** (Pages 33 - 38)

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.

**9 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 28 JULY 2023 TO 30 SEPTEMBER 2023** (Pages 39 - 58)

The purpose of this report is to provide an update on the current status and progress against any specific target dates.

**10 RISK REGISTER UPDATE 2023/24 QUARTER 2** (Pages 59 - 76)

This report considers changes made to the risk register for the Surrey Pension Team in Quarter 2 of 2023/24.

**11 BUSINESS CONTINUITY PLAN UPDATE** (Pages 77 - 78)

This report considers proposals to establish a pension fund specific Business Continuity Plan.

**12 INTERNAL AUDIT PROGRESS REPORT NOVEMBER 2023** (Pages 79 - 84)

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

**13 EXTERNAL AUDIT UPDATE** (Pages 85 - 88)

This report provides an update to the External Audit of the 2021/22 and 2022/23 Financial Statements.

**14 LGPS UPDATE (BACKGROUND PAPER)** (Pages 89 - 94)

This report considers recent developments in the LGPS

**15 DATE OF THE NEXT MEETING**

The next meeting is scheduled for 16 February 2024.

**Joanna Killian  
Chief Executive**

Published: Thursday, 2 November 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 28 July 2023 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

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

(\* present)

**Elected Members:**

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

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

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

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

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

**34/23 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**35/23 QUESTIONS AND PETITIONS [Item 4]**

There were none.

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

**Key points raised during the discussion:**

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

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

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

**Recommendations:**

To note the Forward Plan and Action Tracker.

*William McKee arrived at 10.37am*

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

Neil Mason, Assistant Director, LGPS Officer

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

That the summary of the Pension Fund Committee be noted.

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

Paul Titcomb, Head of Accounting & Governance

**Key points raised during the discussion:**

1. The Head of Accounting & Governance highlighted a few items from the submitted report which included:
  - a) Paragraph 4 of the report explained the teething problems with the implementation of the new financial system as there had been a number of configuration and data transfer issues. Some issues remained – including the leaver notifications for pensions and there were also delayed processing issues.
  - b) The two issues given in paragraph 5 as knowledge/skills gap and work volume/capacity mismatch would be addressed by the Workforce Plan.
  - c) Other changes to the register were outlined in paragraphs 6 and 7 and aligned the register with the funding strategy which gave a holistic view across the whole register.
2. A Member queried when the Business Continuity Plan would next be reviewed and whether that would involve testing. The Head of Accounting & Governance and LGPS Senior Officer confirmed that presently the Cyber security review was a desktop exercise. It was noted that a

separate pension business continuity plan was in contemplation, and this would be brought to the Board at the appropriate time.

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

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

**Recommendations:**

That the report be noted.

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

**Speakers:**

Tom Lewis, Head of Service Delivery

**Key points raised during the discussion:**

1. The Head of Service Delivery gave a detailed precis of the submitted report. Highlights included:
2. There had been a dip in performance this quarter
3. Survivors pensions were of concern and staff were tasked to do a deep dive to find the cause. This found that:-
  - There was a feeling amongst the team that having excessive cases allocated in advance was reducing staff morale. At present tasks were allocated to team members up to 4 weeks in advance, which can often distract from what was due in the immediate future. This had now been replaced with a daily allocation approach, giving focus to the team for any given day.
  - Calculations were being done manually because of mistrust of the system's calculations
  - Some payments were being withheld in order to pay in one go but this had affected the performance figures

Following the findings these processes had changed:

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

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

None.

**Recommendations:**

That the report be noted.

**40/23 LEGACY RECTIFICATION [Item 9]****Speakers:**

Tom Lewis, Head of Service Delivery

Neil Mason, Assistant Director, LGPS Senior Officer

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

That the report be noted.

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

Nicole Russell, Head of Change Management

Neil Mason, Assistant Director, LGPS Senior Officer

**Key points raised during the discussion:**

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



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

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

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

**Recommendations:**

That the report be noted.

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

**Speakers:**

Liam Pippard, Principal Auditor  
Neil Mason, LGPS Senior Officer

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

That the report be noted.

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

**Speakers:**

Neil Mason, Assistant Director, LGPS Officer

**Key points raised during the discussion:**

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

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

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

**Recommendations:**

That the report be noted.

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

**Speakers:**

Paul Titcomb, Head of Accounting & Governance

Liam Pippard, Principal Auditor

Neil Mason, Assistant Director, LGPS Officer

**Key points raised during the discussion:**

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

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

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

**Recommendations:**

That the report be noted.

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

**Speakers:**

Sandy Armstrong – Technical Manager

Neil Mason, Assistant Director, LGPS Officer

**Key points raised during the discussion:**

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

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

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

None.

**Recommendations:**

That the report be noted.

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

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

Meeting ended at: 12.48 pm

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**Chairman**



**SURREY COUNTY COUNCIL**

**LOCAL PENSION BOARD**



**DATE: 10 NOVEMBER 2023**

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

**SUBJECT: GLOSSARY, ACTION TRACKER & FORWARD PLAN**

**SUMMARY OF ISSUE:**

For Members to consider and comment on the Board's recommendations tracker and workplan.

**RECOMMENDATIONS:**

It is recommended that the Local Pension Board is asked to :-

1. Note the content of this report and make recommendations to the Pension Fund Committee if appropriate.
2. Monitor progress on the implementation of recommendations from previous meetings in Annexe 2.
3. Review and note any changes on the Forward Plan in Annexe 3.

**REASON FOR RECOMMENDATIONS**

A glossary has been provided as Annexe 1, so the Board is able to refer to it throughout the agenda. An Actions Tracker recording actions and recommendations from previous meetings is attached as Annexe 2, and the Board is asked to review progress on the items listed. The Board's Forward Plan is attached as Annexe 3 for noting.

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**Contact Officer: Adele Seex Governance Manager**

**Consulted:**

Local Pension Board Chair

**Annexes:**

1. Annexe 1 - Glossary
2. Annexe 2 - Action Tracker
3. Annexe 3 - Forward Plan

**Sources/background papers:**

None

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**GLOSSARY – Local Pension Board 10 November2023**

AVC	- Additional Voluntary Contributions
BCPP	- Border to Coast Pensions Partnership
CIPFA	- Chartered Institute of Public Finance and Accountancy (CIPFA)
CI	- Continuous Improvement
CRRF	- Council Risk and Resilience Forum
DB&I	- Digital Business & Insights
DLUHC	- Department for Levelling up, Housing and Communities
DWP	- Department for Work and Pensions
ELT	- Extended Leadership Team
ESG	- Environment, Social & Governance
FCA	- Financial Conduct Authority
GAD	- Government Actuaries Department
HMT	- His Majesty's Treasury
HMRC	- His Majesty's Revenue and Customs
KPIs	- Key Performance Indicators
LAPFF	- Local Authority Pension Fund Forum
LGA	- Local Government Association
LGIM	- Legal and General Investment Management
LGPS	- Local Government Pension Scheme
PSPS	- Public Service Pension Scheme
RI	- Responsible Investment
SAB	- Scheme Advisory Board
SCAPE	- Superannuation Contributions Adjusted for Past Experience
SPT	- Surrey Pension Team
PASA	- Pension Administration Standards Association
PDP	- Pensions Dashboard Programme
PSLT	- Pensions Senior Leadership Team
TCFD	- Task Force on Climate-related Financial Disclosures
TPO	- The Pension Ombudsman
tPR	- The Pensions Regulator
WDI	- Workforce Disclosure Initiative

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## SURREY LOCAL PENSION BOARD ACTIONS AND RECOMMENDATIONS TRACKER

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

<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 <b>A1/15</b>	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 <b>7/23</b>	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. Update on status included as an annexe to the Risk Register paper for the November Committee.	Ongoing
28 July 2023 <b>2/23</b>	Action Tracker and Forward Plan	Training Policy: To reconsider the three-year expiration on training undertaken.	Training Officer	February 2024	To consider as part of the annual review of the training policy	Ongoing
28 July 2023 <b>2/23</b>	Action Tracker and Forward Plan	To move internal audit updates to standing items on forward plan	Governance Manager	November 2023	Amended Forward Plan	Complete

<b>Date of meeting and reference</b>	<b>Item</b>	<b>Recommendations/Actions</b>	<b>To</b>	<b>By When</b>	<b>Response</b>	<b>Progress</b>
28 July 2023 <b>3/23</b>	Risk Register	That an update be brought to the next meeting on the timeline for production of the Business Continuity Plan.	Accounting & Governance: Compliance Officer	November 2023	Produce a Report and Timeline and presented to the Board at the November Meeting.	Complete
28 July 2023 <b>4/23</b>	Change Programme	That the Head of Change Management would provide further advice outside of the meeting on understanding the dashboard and provide a glossary in future reports.	Board & Committee	November 2023	Produced a report to review dashboard	Complete
28 July 2023 <b>5/23</b>	LPB Annual Report	To correct the Register of Interests and attendance sections of the report before submitting to the Pension Committee.	Board	November 2023	Amendments made and circulated.	Complete
28 July 2023 <b>6/23</b>	Business Continuity and Cyber Security	That an update on business continuity be brought to a future meeting and added to forward plan.	Board & Committee	May 2024	Interim update on Business Continuity Plan – November 2023 Added to forward Plan for May 2024	Complete

COMPLETED (Will be deleted from tracker for next meeting)

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

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# Local Pension Board : Forward Plan

# Annexe 3

Date	Accounting & Governance	Investment & Stewardship	Change Management	Service Delivery
10 Nov 2023	a) Pension Committee including Border to Coast update (Summary paper)		a) Legacy Update	
	a) Risk Register b) Internal audit update c) External 2022/23 Audit update d) My Surrey update e) Business Continuity Plans (interim update)		b) Change Programme Update – Dashboard Update	a) Administration update and performance report:
16 Feb 2024	a) Pension Committee including Border to Coast update (Summary paper)		a) Legacy Update	
	a) Risk Register b) Internal audit update c) External 2022/23 Audit update		b) Change Programme Update c) Training Policy d) Communications Policy Dashboard Update	a) Administration update and performance report:
17 May 2024	a) Pension Committee including Border to Coast update (Summary paper)		a) Legacy Update	
	a) Risk Register b) Internal audit update c) External 2022/23 Audit update d) Business Continuity Plans & Cyber Security Plan		b) Change Programme Update Dashboard Update	a) Administration update and performance report:
26 July 2024	a) Pension Committee including Border to Coast update (Summary paper)		a) Legacy Update	
	a) Risk Register b) Internal audit update c) External 2022/23 Audit update		b) Change Programme Update Dashboard Update	a) Administration update and performance report

All items are subject to review and content.

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**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE: 10 NOVEMBER 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE CORPORATE AND COMMERCIAL****SUBJECT: CHANGE PROGRAMME UPDATE – QUARTER 3****SUMMARY OF ISSUE:**

This paper details the Change Team Quarterly Report for the period July - September 2023.

**RECOMMENDATIONS:**

It is recommended that the Local Pension 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 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)	One Pensions Team Dashboard	Following feedback from the Board and recent Committee meeting we have made amendments to the Dashboard. We have simplified the People and Strategy areas and modified the Investment section of the Dashboard. It is important to note that the Dashboard is a live document and will update automatically as new data appears. This means that it could look different to other reports you see which are focused on a specific time frame. We are now pleased to

		show you the live interactive version which has been built in Tableau. The link to this can be found in the <a href="#">ANNEXE CM 1</a> . As always, your feedback is most welcome.
ii)	Communications	Over the last quarter the Communications team have sent out all planned communications within the agreed timelines as set out by the Communication policy. In addition, we have begun to implement the first stages of our Amplifying our Presence plan; with a particular focus on internal and employer comms. Our content produced for Pension Awareness Week was particularly well received by members, with over 400 interactions.
iii	Learning & Development	Since last reported we have launched 2 new training courses, with a further 4 under development. We have also delivered in-person training to ELT on Coaching Skills and have written a proposal on training schemes to be discussed at a forthcoming PSLT meeting. Staff accreditation options have been investigated and presented to the team in a Lunch & Learn session and Board and Committee training progress has been tracked against individual plans.
iv	Project Management	The Continuous Improvement Project Managers are currently managing 16 projects. All projects are currently on track apart from Banking Controls & Unit 4. Mitigation plans are in place and the programme of CI projects is reviewed on a 6-weekly basis. As part of forward planning, we are now identifying a list of our top 10 systems and processes to undergo value stream mapping.
v	Transformation	<p>Since the last report the Transformation Team has been predominantly designing and implementing “Talking Talent” and Succession planning sessions as part of the continued roll out of our workforce strategy. These sessions are designed to invest in our people’s learning and development and to manage business continuity risks for business critical roles.</p> <p>Additionally, we have launched a “Lunch &amp; Learn” programme which has proved very successful. The topics include technical but also wellbeing topics on alternate weeks.</p>



**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 FINANCE, CORPORATE 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 across Change Management, we will be primarily focused on reviewing our strategic plan in depth plans for Year 2 and investigating how we can further improve our governance structure. The Comms team will focus on the launch of a new Surrey Pension Fund member website. Learning & Development are looking forward to creating Cyber Security Training as a result of a recent audit finding and repeating the internal Staff Pulse Survey.

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

**Consulted:**  
Local Pension Board Chair

**Annexes:**

One Pensions Team Dashboard – Annexe 1

**Sources/background papers:**

None

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## Annexe 1

Since the previous Local Pension Board meeting, various updates and amendments have been made to improve the dashboard.

We now have a live version, hosted on the Tableau platform. This allows us to have a data feed that updates the dashboard with the latest information available on a scheduled interval, currently setup to pull data through daily to capture updates as they become available.

We have a few changes to the dashboard in progress currently, including the addition of the dates when the most recent data available was updated per section, and the historic background data tables will take shape as more iterations of data are added to the dashboard. We are also looking to add historic data in the short term to provide further points of comparison. Please find the dates as they pertain to the various sections of the dashboard stated below:

- Service Delivery: Updated 13/10/23.
- Internal Audit: Updated 18/9/23.
- Admission Agreements: Updated 1/9/23.
- Contributions: Updated 1/9/23
- Legacy Reduction: Updated 13/10/23.
- Investments & Stewardship: Updated 18/9/23.
- People: Updated 30/5/23
- Strategy: Updated 30/5/23

Various refinements have been made to the data to improve the usability of the information presented, including:

- People & Strategy measures have been streamlined.
- Internal Audit section has been amended to align with the current annual internal audit plan, showing all planned audits along with ratings received.
- Fund Performance metrics are now available for 3 Month, 1 year rolling, and 3 year rolling periods.

The explanations behind each metric can be found by hovering over the metric in question for a brief description and clicking the question mark symbol in the corner of each section to link to a more detailed description.

The dashboard is a source of the most up to date information available. This may differ from the data contained within quarterly reports due to the point in time in which the data is produced.

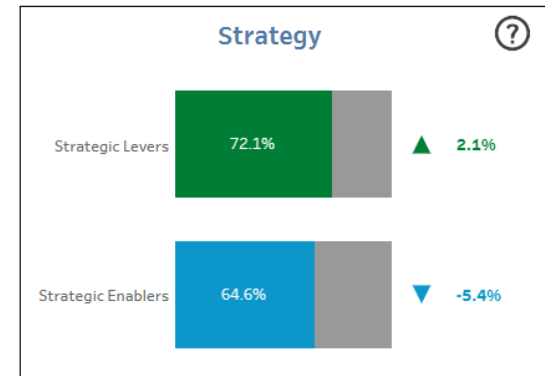
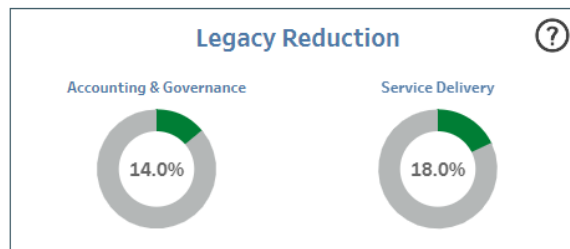
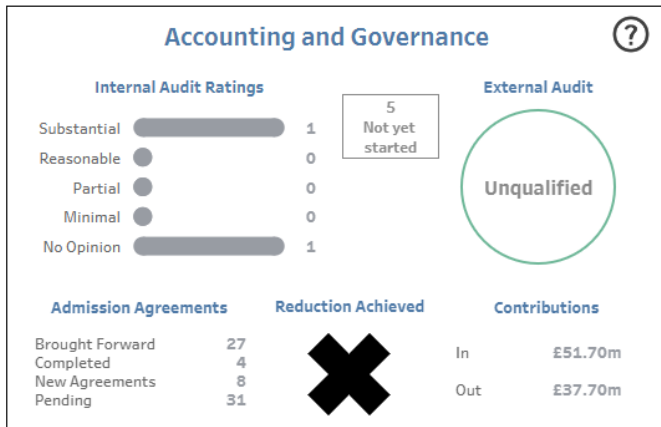
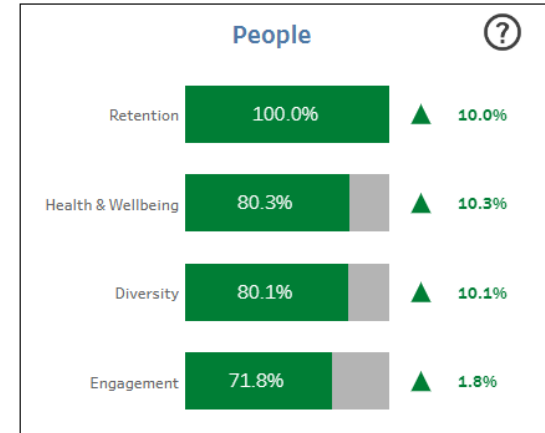
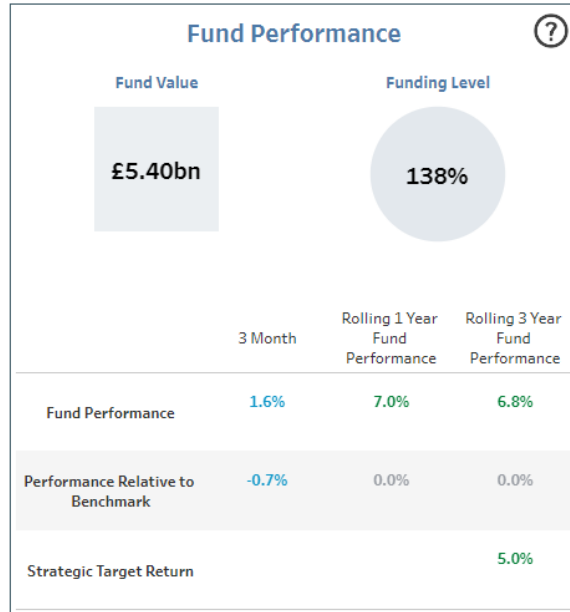
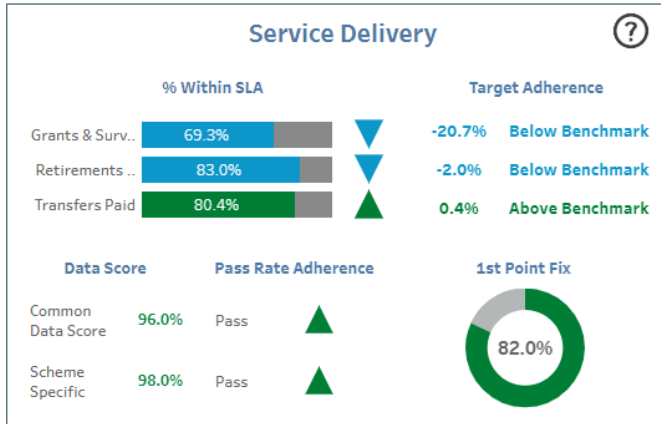
We understand that access to the dashboard has been arranged by the team, however, if any issues are experienced, please advise.

See below for a link to the live dashboard:

<https://tableau.surreycc.gov.uk/#/views/SurreyPensionTeamDashboardv23/SurreyPensionTeamDashboard?:iid=1>

A screenshot of the dashboard and the new features can be seen on the following pages.

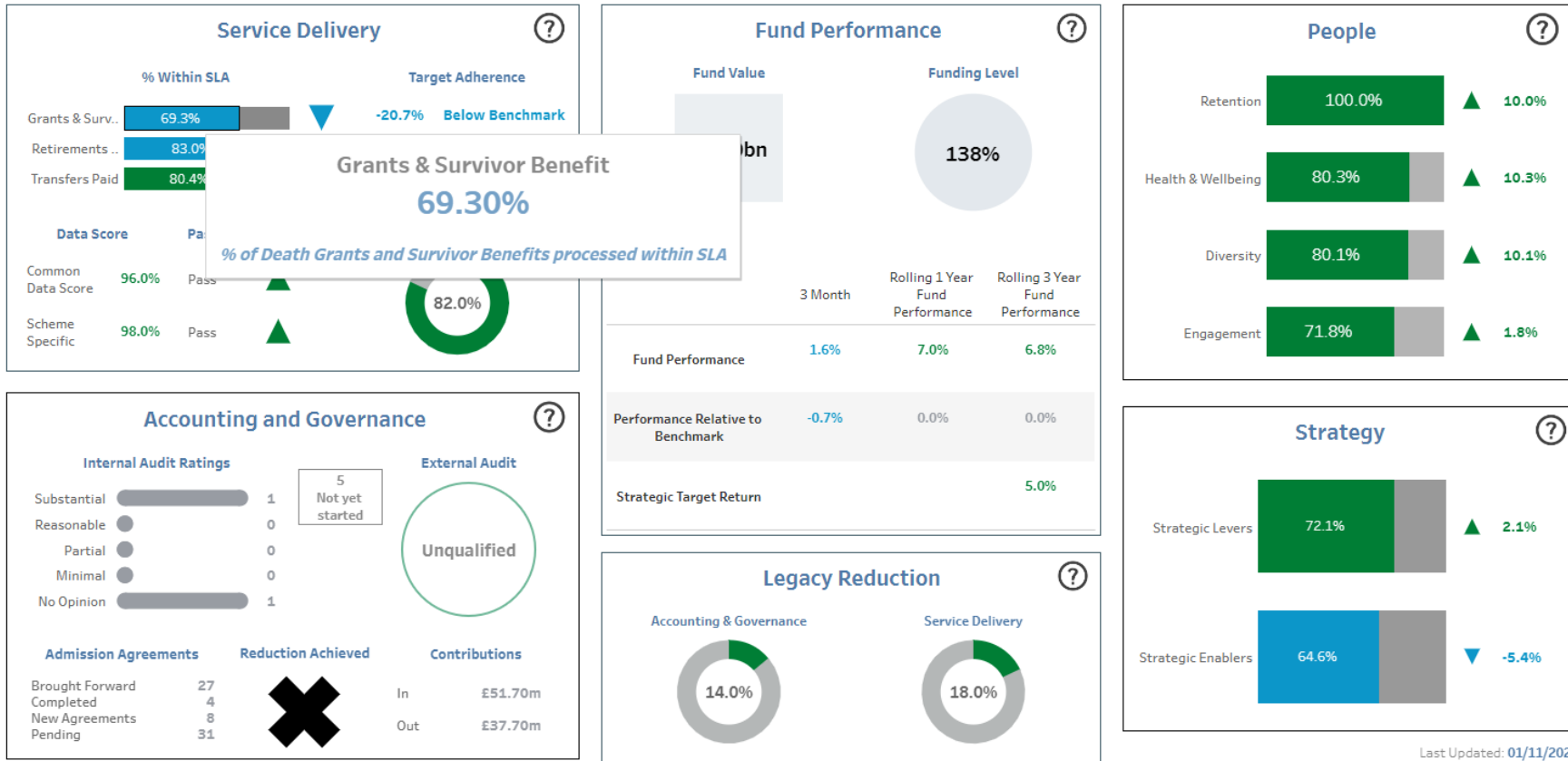
# Surrey Pension Team Dashboard



Last Updated: 01/11/2023

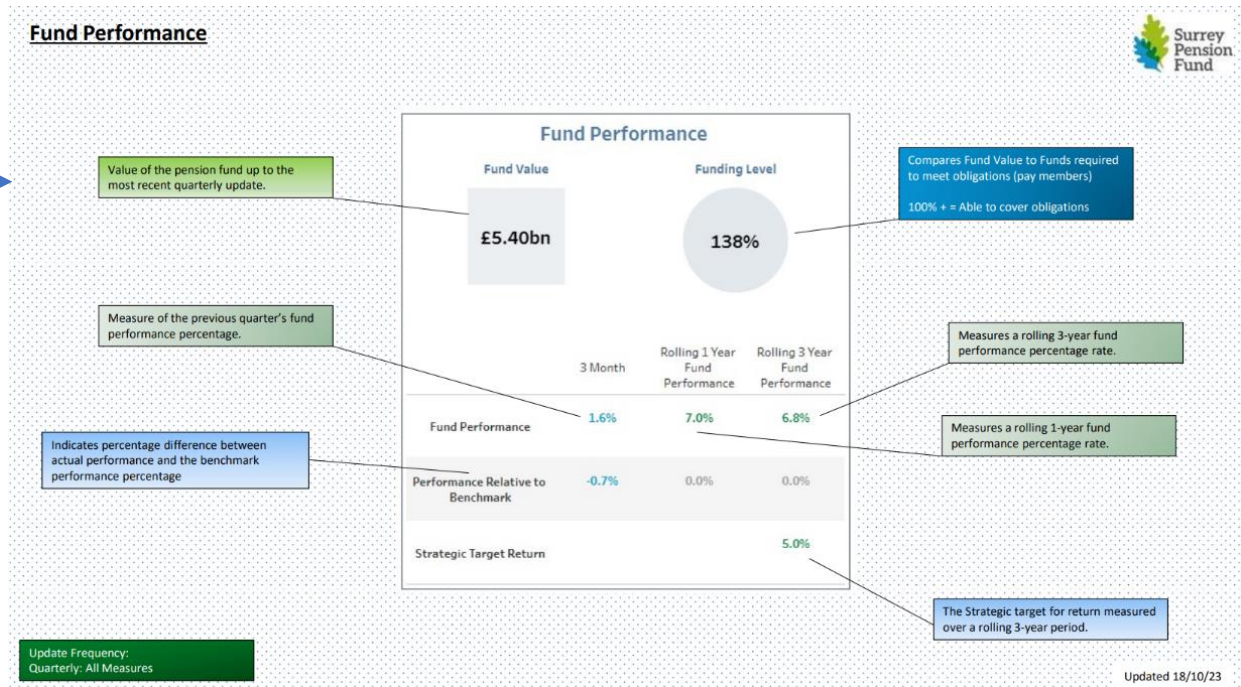
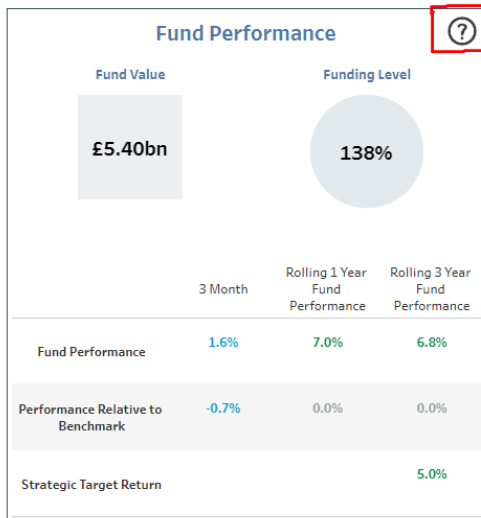
You can now hover your cursor over each metric to reveal a brief description, as demonstrated below:

## Surrey Pension Team Dashboard



Last Updated: 01/11/2023

Additionally, by clicking the Question Mark icon in the top corner of each section, a detailed explanation page will open:



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**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE:** 10 NOVEMBER 2023**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL**SUBJECT:** SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 08 SEPTEMBER 2023**SUMMARY OF ISSUE:**

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

**RECOMMENDATIONS:**

It is recommended that the Board note the content of this report and make recommendations to the Pension Fund Committee if appropriate.

**REASON FOR RECOMMENDATIONS:****Background**

1. The Committee met on 8 September 2023. This report provides a summary of this meeting and any decisions made.

**DETAILS****Performance Dashboard**

2. The Head of Change Management, Nicole Russell presented the one Surrey Pension Team (SPT) Performance Dashboard which provided the Committee high visibility of key performance indicators (KPIs) across the team.
3. Committee Members were invited to provide any feedback by email outside of the meeting, to Nicole and to copy in the Chair.
4. This report also provided the Committee with activity carried out by the Change Management Team for the period April – Jun 2023.

**Summary of the Local Pension Board Report**

5. The Board report provided a summary of administration and governance issues reviewed by the Board at its last meeting on 28 July for noting by the Committee.
6. The report updated the Committee on the current position of the implementation of the new financial system MySurrey (Unit 4), along with details of the Cyber Security

review of third-party providers and employers. The Committee asked the Board to take the cybersecurity review to the next level.

7. The Chair asked Officers to comment on Surrey County Council withdrawing its service as a payroll provider from schools in particular. The Head of Service Delivery, Tom Lewis confirmed engagement with payroll and the DB&I project team had taken place and 128 schools are transferring to 11 new payroll providers during the period October to December 2023.
8. The Chair raised whether there are any remaining concerns with the implementation of MySurrey (Unit 4). The Assistant Director - LGPS Senior Officer, Neil Mason confirmed that this remains a key risk to the fund. Specifically, the Head of Service Delivery, Tom Lewis highlighted the issue of non-receipt of the monthly electronic i-Connect payroll data for the last quarter. A workaround is in place to receive payroll information for death and retirement cases.
9. A Member of the Committee requested that the Resources and Performance Committee is provided with an update on the ongoing issues with Payroll. The Chair also asked that an update on the schools' payroll provision specifically be provided to the Board at the next meeting.

#### **Appointment of Independent Chair of the Local Pension Board**

10. The Committee was provided with a summary of the steps taken to appoint the Independent Chair of the Local Pension Board. The Committee noted the appointment of Tim Evans for a period of four years.

#### **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 (£5.3bn), its funding level (138%); performance returns and asset allocation as of 30 June 2023.
12. The Head of Investment and Stewardship, Lloyd Whitworth highlighted some activity that had taken place in July: confirming the switch from Legal & General Investment Management (LGIM) emerging markets passive fund into the Border to Coast actively managed fund, with a value of just under £270m.
13. The Chair drew the Committee's attention to page 71, paragraph 16, the impact of private markets and asked the officer to clarify how we measure the private market? The Head of Investment and Stewardship, Lloyd Whitworth explained the table on page 72 and emphasised the timing difference in performance between Private versus Listed Equity markets. Lloyd also confirmed that the 9% return indicated was in line with what we were hoping to achieve from the assets.

#### **Draft Annual Report**

14. The Committee was provided with an update of the production of the 2022/23 Pension Fund Annual Report.
15. The Committee received a verbal update from the Head of Accounting and Governance, Paul Titcomb that the external audit on the Pension Fund accounts for

2021/22 has not yet been completed. The external auditor is considering the results of the 2022 actuarial valuation and its inclusion within the Fund accounts. A small number of queries are outstanding however these will be answered shortly.

16. The Committee agreed to delegate approval of the Annual Report to the Chair, subject to an unqualified audit.

### **Investment Benchmarking**

17. The Committee received a presentation from Fluer Dubbelboer from CEM Benchmarking outlining work undertaken comparing the Fund's returns and fees against other funds to establish value for money. The Committee requested CEM to provide a further report in a year's time with the metrics and information gathered on pool cost savings and contributions to net value added. The Committee noted the report.

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

18. The Committee received a report detailing Environmental Social and Governance (ESG) engagement by LAPFF and Robeco, along with details of voting by the Fund for the quarter ending 30 June 2023.
19. A member of the Committee proposed an amendment to the wording in the recommendation that ESG Factors are fundamental to the Fund's approach, consistent with the RI Policy. Replacing the word "Fundamental" to "Significant" however the motion was lost.
20. The Committee resolved that the ESG Factors are fundamental to the Fund's approach, consistent with the RI Policy by:
  - a) Continuing to enhance its own RI approach and SDG alignment.
  - b) Acknowledging the outcomes achieved for quarter ended 30 June 2023 by LAPFF and Robeco through their engagement.

The Committee noted the voting by the Fund in the quarter ended 30 June 2023.

### **Asset Class Focus- UK Real Estate & Listed Alternatives**

21. The Committee received a report from the Fund's Independent Advisor, Anthony Fletcher on the Fund's Real Estate holdings, respective funds' investment performance and review.
22. The Committee noted the report, and the Chair requested a report on Listed Alternatives be presented to the Committee in December.

## **Responsible Investment Update**

23. The Head of Investment and Stewardship, Lloyd Whitworth, presented the report confirming that two of the four key priorities of Responsible Investment (RI) policy are now complete (setting a net zero date and updating the Fund's voting policy). The area of focus now moves to the reporting and re-engaging with Border to Coast to provide case studies enabling development of the RI policy.
24. The Task Force on Climate-related Financial Disclosures (TCFD) data provided in the report is up to March 2023. The metrics indicated a significant trend down and therefore the recommendation is for the TCFD report to be approved.
25. The Vice Chair asked for a status on the Stewardship code. The Committee received a verbal update from the Head of Investment and Stewardship on the current position. The application to become a signatory to the Stewardship Code is a significant piece of work covering 12 principles. Additional resource has been available to the Investment and Stewardship team over the summer months such that it is expected that the Fund will make its application at the next possible date, which is May 2024.
26. The Committee noted: -
  - a) the alignment of Border to Coast Pension Partnership (BCPP), LGIM and Newton Investment Management to the Fund's RI policy.
  - b) the draft TCFD 2022/3 report and approved the delegation of authority to the Chair of the Committee to issue the final report.

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

27. The Committee noted the report providing an update of recent developments in the LGPS, including the response to the consultation of the McCloud remedy.

## **Investment Strategy Review- Gilts (Part Two)**

28. Steve Turner, Mercer Investment Advisor asked the Committee to consider a report that recommended that the Fund review the current exposure to gilts through individual gilt holdings and switch the assets to a LGIM passive fund.

## **Response to Consultation on the future for investing**

29. The Committee received an overview of the proposed draft collaborative response from BCPP on the future for investing to the Department for Levelling Up, Housing & Communities (DLUHC) consultation. A separate draft response from the Surrey Pension Fund was also considered.
30. Those Committee and Board Members that did not attend the training session regarding the consultation will be contacted outside of this meeting.

31. The Chair will work in conjunction with the Assistant Director – LGPS Senior Officer to strengthen the Fund’s response to the consultation.

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

32. An update was presented to the committee of the current activity being undertaken by BCPP.

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

- a) Update received on the Border to Coast Strategic Review 2025-2030
- b) Relevant items from the BCPP Joint Committee (JC) meeting of 13 June 2023.
- c) The schedule of activity of BCPP since the last Committee meeting of 13 June 2023 until the end of the calendar year.

**CONSULTATION:**

34. The Chair of the 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 FINANCE, CORPORATE AND COMMERCIAL**

37. 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**

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 on 16 February 2024.
- 

**Contact Officer:**

Adele Seex – Governance Manager

**Consulted:**

Local Pension Board Chair

Pension Committee Chair

**Annexes:**

- None

**Sources/Background papers:**

1. [Cyber Security Review Update – Annexe 1 8 September 2023 PFC](#)
  2. [Financial System Update Unit 4 – Annexe 2– 8 September 2023 PFC](#)
-

**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE: 10 NOVEMBER 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: ADMINISTRATION PERFORMANCE REPORT AND UPDATE  
1 JULY 2023 TO 30 SEPTEMBER 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

3. The performance levels in this period have achieved an overall score of 80%.
4. Performance has decreased overall during this quarter with the most affected areas being those that require the payment of a benefit, such as retirements. Whilst there were signs of improvement during August, with survivor benefit performance improving by 16% from July, there are still inconsistencies to be resolved.
5. Investigations have been carried out to identify the root cause of these issues, with early indications showing a combination of staffing levels, the diversion of resources to support annual allowance and, an increase in queries / chasers via the Customer Relationship to the back office. There have also been notable delays in receiving data caused by the introduction of MySurrey within Surrey CC, which is impacting the priority order of case work. More detail can be found in the Risk Register – Financial System Update.
6. It is the highest priority within Service Delivery to address the drop in performance and action has been taken to support both the short and long term needs. These include deploying additional resources in the Immediate Benefits Team to increase output, re-allocating the less complex tasks to other areas of the service and identify training and best practice needs within the team.
7. **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**.
8. Additional information has also been supplied within **Annexe 3** that presents a summary of the most common categories of cases being terminated.

## Complaints

9. During this period there were 16 complaints received. Details of these complaints can be found at **Annexe 4**.

## Internal Dispute Resolution Procedure (IDRP) and Pension Ombudsman Cases

### 10. Stage 1 appeals determined:

One appeal was determined in this period and upheld.

A LGPS member who had previously opted out of the scheme, but then retired from their employment a considerable time later, experienced initial delays in receiving an estimation of their pension entitlement, followed by a further delay in payment of the benefits. The appeal was upheld, and the member accepted compensation for delays experienced.

### 11. Stage 2 appeals determined:

One appeal was determined in this period and not upheld.



The appeal was for a member who 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 at stage 1 as the adjudicator determined AVCs are subject to market conditions and the member had already been offered compensation for delays experienced. The stage 2 adjudicator upheld the stage 1 decision.

**12. Pension Ombudsman appeals**

No new Pensions Ombudsman appeals were received in this period.

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

13. There are no breaches to report this period.

**Customer Relationship Team**

14. In quarter two, the CRT managed a total of 10,811 inquiries. At the initial point of contact, an average of 85% of all enquiries were successfully resolved. The queries managed by the CRT during this period are grouped into the following categories:

<b>Communication Channel</b>	<b>Volume</b>
Call backs	107
Telephone	5143
Email	5561
<b>Total</b>	<b>10,811</b>

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

**Guaranteed Minimum Pension (GMP)**

16. Work has continued to resolve any discrepancies supplied in a recent report provided by Mercer. This analysis compared a recent data set to the existing data used by Mercer to identify any potential areas of investigation, including items such as change of membership status and service date inconsistencies.

17. Mercer will continue to carry out preliminary calculations up to December 2023 and, remain on target to provide the necessary data and reports in early January. These reports will provide the full understanding of the financial impact this will have on the fund and its members.

18. A key aspect of this rectification work is the approach that will be taken to correct pensioner benefits where required. The proposed approach has been taken in line with SAB guidance:

- a. Any member who has had their pension benefit underpaid will have this corrected and backdated. This will also include the payment of any interest due.
- b. Any member who has been overpaid will have their benefit amended from an agreed date (TBC) and will not be back dated.

19. In both cases this will only be applied to members where the difference identified is £10 or more/less per annum

20. Other key works carried out in this period include reviewing the letters due to be issued to affected members and agreeing final versions. A formal request has been made to the system supplier to implement and test the required module in the coming weeks in collaboration with the system team.
21. It is anticipated the GMP rectification work will be completed, and all affected members informed by the end of February 2024, prior to the commencement of the pension increase exercise.

### **Annual Benefit Statements & Annual Allowance**

22. 34,104 active and 42,719 deferred statements have been produced. This represents 99.5% of the total membership for whom a statement was due.
23. 180 members were in scope for the annual allowance process. Of this number 171 have been issued with the correct correspondence by the statutory deadline of 6<sup>th</sup> Oct 2023. The remaining 9 cases include 4 going through their final checks, with 5 requiring additional investigation to process accordingly.

### **McCloud**

24. The expected employer data returns total remains at 117 out of 127, which represents circa. 95% of the expected member data.
25. Work with a third-party supplier, who are carrying out data quality checks on all employer returns, is now able to progress with Surrey County Council having provided the necessary data on the 4<sup>th</sup> Oct 2023. The outcome of this work is to provide Surrey Pensions with data in a ready state to be uploaded to Altair and, identify where any data discrepancies will need further review.
26. With the regulations having now come into effect on the 1<sup>st</sup> of Oct 2023, the administration software has been upgraded to meet the requirements of the McCloud judgement.
27. There are some areas of the system that require further development to optimise the functionality such as bulk calculations. Additionally, it has been necessary to place both Club and Interfund cases on hold where a member qualifies for underpin. This approach has been adopted in line with LGA guidance as the scheme awaits the published actuarial guidance on how these should be calculated.
28. Other areas under consideration for Service Delivery will be to review and update process guidance documentation, update member correspondence, and actively engage and monitor areas still open to development with the software provider. All of which will be accounted for as part of the McCloud project group.

## **Pension Dashboard**

29. Pensions Dashboard remains a high priority and work continues with preparation for go live with targeted efforts being made to cleanse the scheme member data such as name, date of birth, NINO and addresses to support the member matching process.
30. The system supplier, Heywood, has provided the Surrey Pensions Team with a data readiness report. This report has used live data from within the system and produced a series of reports and analysis, which will be used to prioritise the cleansing process.
31. With expected go live dates in 2025/26 preparation will continue in this area, with the Systems and Data Quality teams playing a key role in the readiness plans.

## **Legacy Case Reduction**

32. Since the last board meeting the Legacy Team has successfully recruited a full team, who have undergone key training and begun processing casework.
33. As outlined in the legacy proposal, by the end of quarter two Surrey Pensions had set a target of reducing the backlog by 10%.
34. As at 30<sup>th</sup> September 2023 this target had been exceeded and the reduction level stands at 18% comprises the following:
  - a. 1273 cases processed in full, including over 1100 deferred cases.
  - b. 643 cases terminated. Having reviewed these cases, it was identified many cases had an open workflow on a completed case. Many of these were from a previous backlog reduction exercise.
  - c. 418 cases have been re-classified. For example, undecided leaver cases have now been allocated the correct case workflow or, the case required an aggregation rather than being deferred.
35. The procurement process commenced week commencing 23<sup>rd</sup> October to secure the services of a third-party supplier to support in the reduction of transfer, aggregation and concurrent cases.

## **Data Quality Scores**

36. Each year Surrey Pensions is required to provide data scores as part of the annual scheme return. The data is split into two categories.
  - a. Common Data which relates to member data such as name, date of birth, national insurance number.
  - b. Scheme Specific Data (SSD) refers to member information held to process a benefit such as their status or events taken place during membership.

37. The data scores for 2023 are as follows:

<b>Data Type</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Common Data	95%	96%	<b>96%</b>
Scheme Specific Data	95%	98%	<b>98%</b>

\*These scores represent the presence of data on a member record

### **Pension Administration System / Process Developments**

38. 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 – Complete
- ii. New entrants process review – in progress
- iii. Multiple payroll module – in progress

#### **CONSULTATION:**

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

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

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

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

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

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

42. 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**

43. There are no legal implications or legislative requirements.

#### **EQUALITIES AND DIVERSITY**

44. There are no equality or diversity issues.

#### **OTHER IMPLICATIONS**

45. There are no other implications.

#### **WHAT HAPPENS NEXT**

46. The following next steps are planned:

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

**Contact Officers:**

Tom Lewis – Head of Service Delivery

**Consulted:**

Local Pension Board 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: July - Sep 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%	78%	2	185	139	8	34	3
SURVIVOR'S PENSIONS (tPR)	10 working days	90%	75%	23	86	61	21	35	20
DEATH BENEFITS PAYABLE (tPR)	10 working days	90%	79%	24	75	54	27	8	30
BALANCE OF PAYMENTS (tPR)	10 working days	90%	88%	59	203	183	46	8	15
RETIREMENT (COMPLETE) (tPR)	15 working days	85%	74%	288	561	356	331	42	56
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	15 working days	90%	43%	4	4	3	1	1	20
REFUNDS (tPR)	20 working days	80%	98%	280	1,140	980	360	258	22
RETIREMENT (INITIAL NOTIFICATION)	15 working days	80%	77%	409	824	543	464	239	51
ILL HEALTH RETIREMENT (INITIAL)	15 working days	90%	60%	8	12	3	13	6	30
DEFERRED STATUS	40 working days	80%	64%	3,846	1,294	825	816	654	59
EMPLOYER ESTIMATE	10 working days	80%	51%	29	68	36	20	37	33
LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	89%	578	505	399	154	175	23
NON-LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	100%	133	43	36	8	8	13
LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	93%	198	278	250	100	66	24
NON-LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	100%	115	110	132	21	20	10
LGPS TRANSFER IN (ACTUAL)	20 working days	80%	85%	678	592	445	264	117	36
NON-LGPS TRANSFER IN (ACTUAL)	20 working days	80%	84%	33	58	41	23	11	34
LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	78%	185	191	144	96	38	40
NON-LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	100%	3	15	12	4	11	20
NEW STARTER	30 working days	80%			277	277			
<b>TOTAL CASE NUMBERS</b>			<b>80%</b>	<b>6,895</b>	<b>6,521</b>	<b>4,919</b>	<b>2,777</b>	<b>1,768</b>	

Summary

Performance not at optimal levels. A combination of staff absence and resources being diverted to annual allowance has contributed to lower performance than expected. Additionally, there has been 20% increase in member queries via the Customer Relationship Team which has put additional strain on the Immediate Benefits Team. There were signs in August that performance was improving with the survivor benefit KPIs reaching a 92% completion rate, a 16% increase on July. Work continues to address the inconsistencies in the performance, with a focus on the people, process and team resilience levels. Transfer cases have been a real positive this quarter, with three areas hitting a 100% completion rate. Its worth noting that some cases will be affected by the legacy project in this quarter, most noticeably in the deferred cases, with cases being segregated to create the distinction between BAU and legacy. New starter numbers appear lower this quarter due to missing data from the Surrey CC employer.

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Performance Trend Analysis

Case Type	2022/23				2023/24				Future Workload Time Comparison			
	2022/23		2023/24		2022 / 23		2023/24		2022 / 23		2023/24	
	Q3 % completed within SLA	Q4 % completed within SLA	Q1 % completed within SLA	Q2 % completed within SLA	Q3 Future Workload	Q4 Future Workload	Q1 Future Workload	Q2 Future Workload	Q3 Future Workload	Q4 Future Workload	Q1 Future Workload	Q2 Future Workload
DEATH NOTIFICATION (tPR)	93%	89%	92%	78%	4 days	1 day	0.5 days	3 days	4 days	1 day	0.5 days	3 days
SURVIVOR'S PENSIONS (tPR)	78%	79%	69%	75%	20 days	10 days	20 days	20 days	20 days	10 days	20 days	20 days
DEATH BENEFITS PAYABLE (tPR)	79%	91%	79%	79%	16 days	24 days	25 days	30 days	16 days	24 days	25 days	30 days
BALANCE OF PAYMENTS (tPR)	88%	94%	86%	88%	19 days	14 days	16 days	15 days	19 days	14 days	16 days	15 days
RETIREMENT (COMPLETE) (tPR)	89%	91%	79%	74%	37 days	40 days	52 days	55 days	37 days	40 days	52 days	55 days
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	83%	100%	94%	43%	10 days	24 days	15 days	20 days	10 days	24 days	15 days	20 days
REFUNDS (tPR)	93%	98%	96%	98%	13 days	7 days	15 days	22 days	13 days	7 days	15 days	22 days
RETIREMENT (INITIAL NOTIFICATION)	86%	85%	83%	77%	23 days	33 days	44 days	51 days	23 days	33 days	44 days	51 days
ILL HEALTH RETIREMENT (INITIAL)	95%	75%	70%	60%	69 days	23 days	69 days	30 days	69 days	23 days	69 days	30 days
DEFERRED STATUS	86%	88%	89%	64%	11 months	10 months	212 days	59 days	11 months	10 months	212 days	59 days
EMPLOYER ESTIMATE	68%	89%	71%	51%	16 days	16 days	41 days	33 days	16 days	16 days	41 days	33 days
LGPS TRANSFER IN (ESTIMATE)	84%	85%	86%	89%	113 days	81 days	122 days	23 days	113 days	81 days	122 days	23 days
NON-LGPS TRANSFER IN (ESTIMATE)	68%	97%	100%	100%	286 days	215 days	210 days	13 days	286 days	215 days	210 days	13 days
LGPS TRANSFER OUT (ESTIMATE)	99%	93%	89%	93%	76 days	24 days	69 days	24 days	76 days	24 days	69 days	24 days
NON-LGPS TRANSFER OUT (ESTIMATE)	83%	90%	90%	100%	89 days	62 days	125 days	10 days	89 days	62 days	125 days	10 days
LGPS TRANSFER IN (ACTUAL)	76%	85%	85%	85%	70 days	60 days	110 days	36 days	70 days	60 days	110 days	36 days
NON-LGPS TRANSFER IN (ACTUAL)	65%	92%	60%	84%	81 days	60 days	71 days	34 days	81 days	60 days	71 days	34 days
LGPS TRANSFER OUT (ACTUAL)	75%	84%	75%	78%	76 days	36 days	168 days	40 days	76 days	36 days	168 days	40 days
NON-LGPS TRANSFER OUT (ACTUAL)	29%	83%	90%	100%	88 days	41 days	20 days	20 days	88 days	41 days	20 days	20 days
Average Score	80%	89%	83%	80%								

## KPI 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
<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 – Terminated Case Overview – Annexe 3

### 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.

Case Type	Case numbers
Deferred Status	654
Refunds	258
Retirement (Initial Notification)	239
LGPS Transfer In (Estimate)	175
LGPS Transfer In (Actual)	117
Concurrent Service	97
LGPS Transfer Out (Estimate)	66

\*Numbers are affected by the commencement of the legacy project during this period.

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 July to September 2023			
Case number	Date Received	Root Cause	Details of Complaint
<b>SUR954670</b>	05/07/2023	Poor Communication	<p>This complaint concerned the length of time it had taken to process and Interfund. Payment had been requested and chased.</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. Interfund completed and an apology was offered.</p> <p>Advice/Information Given and Apology- Complaint partially justified.</p>
<b>SUR916259</b>	11/07/2023	Poor Communication	<p>This complaint concerned the delay in processing the member's transfer out to the Teachers' Pension scheme. This was escalated and prioritised.</p> <p>We failed on multiple occasions to resolve this. However, the new transfer process and issuing forms with quotes eradicates issues like this case.</p> <p>Complaint justified.</p>
<b>SUR534725</b>	17/07/2023	Service Quality / Delivery	<p>This complaint concerned the delay in receiving a transfer out value. SPT failed to act upon the request within our service standard due to waiting SCAPE factors. Upon further investigation the original request was made under the old factors so a manual Transfer value and apology was offered</p> <p>Complaint justified.</p>
<b>SUR260052</b>	27/07/2023	Poor Communication	<p>This complaint concerns the time delay in receiving deferred benefits information as member opted out.</p> <p>We failed to act upon the request within our service standard timeframe.</p> <p>Complaint justified.</p>
<b>SUR422566</b>	01/08/2023	Service Quality / Delivery	<p>This complaint concerned service history shown on the pension portal. An email explaining all service held and why there is currently no ABS on latest record.</p> <p>We attached the most recent ABS with an explanation. Recommended to take IFA if unsure on decision.</p> <p>Complaint partially upheld due to poor handling of request.</p>
<b>SUR545962</b>	08/08/2023	Service Quality/ Delivery	<p>This complaint was concerned the delay in issuing a deferred into payment quote for 2 deferred records following MSS request.</p>

## Annexe 4

			<p>Complaint upheld as sent outside of 15 working day standard service timeframe.</p> <p>Pension quotes have now been sent and an apology issued for the poor level of service.</p> <p>Complaint justified</p>
<b>SUR136418</b>	01/09/2023	Administrative Error	<p>This complaint was due to a delay in processing retirement and no contact in the months approaching NRD. Our records were not correctly updated when the member returned forms and we then asked for information that had already been provided.</p> <p>Pension put into payment and apology offered.</p> <p>Complaint justified</p>
<b>SUR917020</b>	05/09/2023	Administrative Error & Poor Communication	<p>This complaint concerned the members incorrect deferred data due to incorrect information from employer. Employer had incorrectly advised us of an opt out in 2020, which was actually just a post change. The record has been corrected.</p> <p>Apology to member and new ABS generated.</p> <p>Advice/Information Given and Apology</p>
<b>SUR998099</b>	13/09/2023	Poor Communication	<p>This complaint concerned the Transfer in process not clearly explained and member struggled to understand the benefits and how they had been actioned and what it meant for the member. A call to discuss the process in more detail</p> <p>Justified, could have been clearly explained in initial contact</p>
<b>SUR463719</b>	13/09/2023	Service Quality / Delivery	<p>This complaint concerned a delay in receiving a retirement estimate. We failed to act upon the request within our service standard timeframe though we are only able to provide an estimate once we receive the relevant information from payroll.</p> <p>Apology and advice guidance given once we receive payroll data.</p> <p>Partly Justified.</p>
<b>SUR777920</b>	14/09/2023	Poor Communication	<p>Complaint issued due to an acknowledgement email being sent for a change of bank details, where the member changed their address.</p> <p>Advice/Information Given and Apology</p> <p>Complaint upheld. Apology issued with confirmation that only address updated.</p>
<b>SUR442338</b>	17/07/2023	Service Quality / Delivery	<p>This complaint concerns the fact that the member did not receive a pension quote at age 60</p>

## Annexe 4

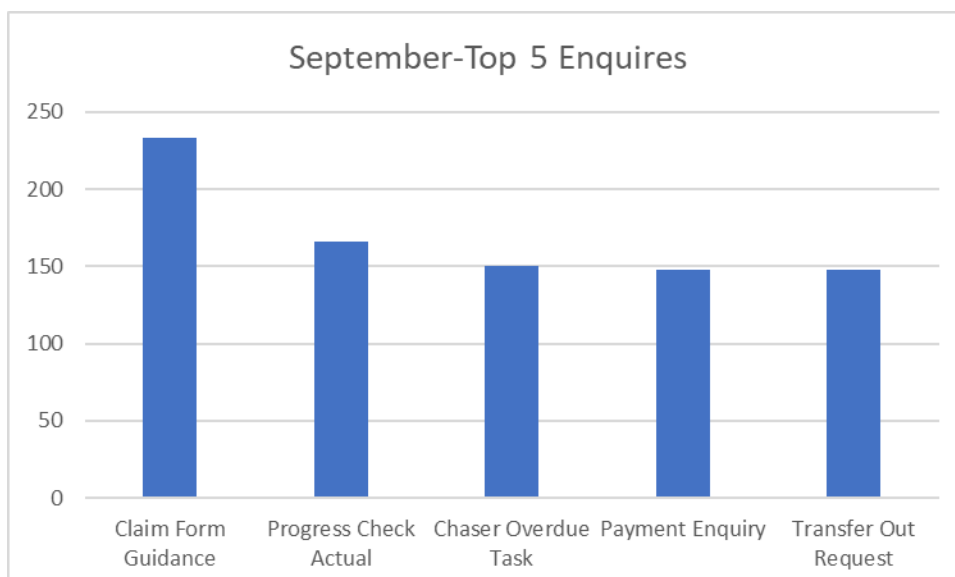
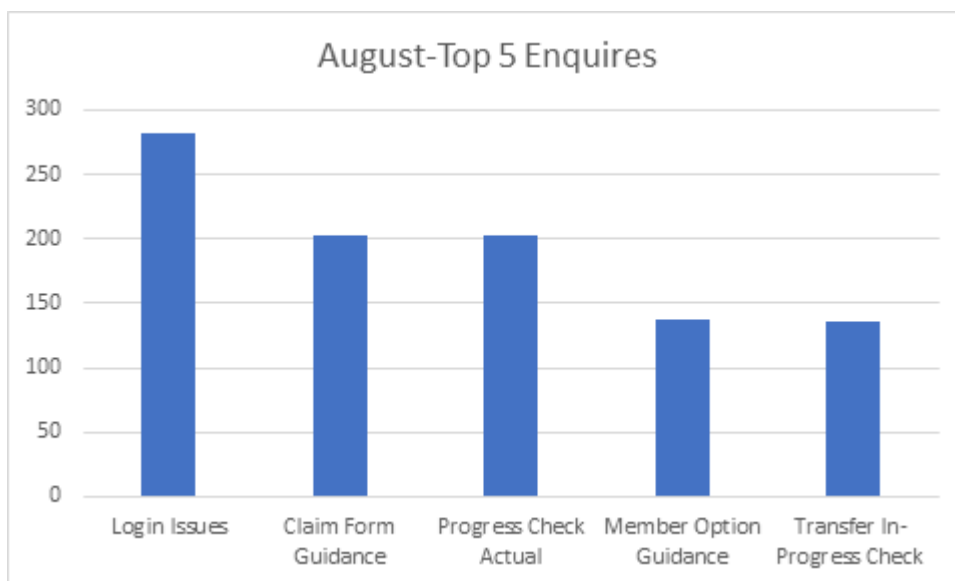
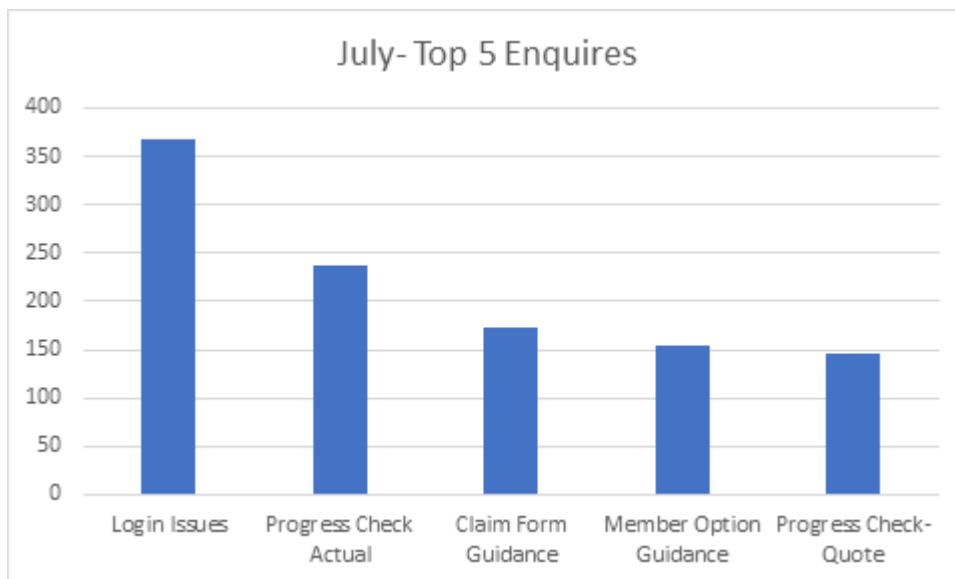
			Complaint partially upheld as we did not issue a pension quote as expected at age 60. Offered the opportunity to recalculate and await the members response.
<b>SUR358634</b>	24/09/2023		Outstanding 06/10/23 – due Fiona
<b>SUR031607</b>	25/09/2023	Service Quality / Delivery	<p>Complaint raised regarding delayed response to questions about deferred LGPS benefits and AVC options.</p> <p>Member had to chase several times with response being issued through complaint local resolution.</p> <p>Complaint justified</p>
<b>SUR286381</b>	26/09/2023	Poor Communication	<p>Complaint concerned delay in completing LGPS and AVC transfer.</p> <p>Justified, not solely us but we have failed to pick up the case once West Sussex made payment</p>
<b>SUR029489</b>	29/09/2023		Due 12/10/23- Dean

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## Top Query Trend Information

A summary of the top 5 customer enquires per month is outlined below:



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**SURREY COUNTY COUNCIL**

**LOCAL PENSION BOARD**



**DATE: 10 NOVEMBER 2023**

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

**SUBJECT: RISK REGISTER UPDATE 2023/24 QUARTER 2**

**SUMMARY OF ISSUE:**

This report considers changes made to the Risk Register for the Surrey Pension Team in Quarter 2 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 the means to mitigate the implications of the risks are 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 this quarter

- The risk score for the financial system implementation was originally reduced to reflect lower expectation of severe adverse impacts. Ongoing issues are being experienced – so the score has been reviewed and increased (see para 5 below). Annexe 2 outlines the main risks due primarily to access or configuration issues (especially in relation to payroll interfaces).

## Top risk areas commentary

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

Risk	Skills / knowledge gaps lead to inefficiency and poor performance	Work volume mismatch with operational capacity leading to backlogs	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss
Risk ID	9	11	16
Score	16	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.	Ongoing issues with MySurrey – See Annexe 2
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. Preliminary talent development plans are in preparation.	Backlogs across the whole service are receiving priority attention and identified for action in the Business Plan for 2023/24. Steps are underway to address resource requirements in this area and progress reporting is now part of the team dashboard.	Engagement with project team is underway
Residual risk	Remains a risk – pending completion of actions arising from workforce and talent plans.	Remains a risk pending progress on resolution of legacy issues and bedding in of new financial systems.	Remains a risk pending progress on resolution of issues

## The following minor changes have been made to the risk register:

- The following changes were made to Risk ID 8 and 10C.

Risk ID	Area	Changes
8	Investment	The likelihood increased to 2 for an overall score of 4.
10C	Service Delivery	The need to develop an interface between Altair and MySurrey for daily Immediate Payments. Risk score remains unchanged.

**CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

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

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

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

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

**LEGAL IMPLICATIONS – MONITORING OFFICER**

11. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY**

12. There are no equality or diversity issues.

**OTHER IMPLICATIONS**

13. There are no other implications.

**WHAT HAPPENS NEXT**

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

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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 (October 2023) – Annexe 1  
Financial System Update – Annexe 2

**Sources/background papers:**

None.

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LIKELIHOOD		IMPACT				
		Minimal 1	Minor 2	Moderate 3	Major 4	Severe 5
5	Very Likely					
4	Likely				<ul style="list-style-type: none"> <li><b>9</b> Skills / knowledge gaps lead to inefficiency and poor performance</li> <li><b>11</b> Work volume mismatch with capacity leading to backlogs</li> <li><b>16</b> Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss</li> </ul>	
3	Possible			<ul style="list-style-type: none"> <li><b>10</b> Data administration failure / fraud leads to data integrity issues</li> <li><b>3</b> Funding requirements higher due to actuarial assumptions materially different to experience</li> </ul>	<ul style="list-style-type: none"> <li><b>5</b> Investment strategy/implementation affects performance</li> <li><b>6</b> Investment returns impacted by mkt volatility/performance</li> <li><b>7</b> Investment returns impacted by 3rd party performance/default</li> <li><b>13</b> Impact from lack of regulatory/legal compliance</li> <li><b>14</b> Reputational issues due to inaccurate public domain info</li> </ul>	
2	Unlikely		<ul style="list-style-type: none"> <li><b>8</b> Insufficient liquidity to meet obligations for rebalancing / payments</li> </ul>	<ul style="list-style-type: none"> <li><b>2</b> Employers delay making payments</li> </ul>	<ul style="list-style-type: none"> <li><b>1</b> Employers unable/unwilling to make payments</li> <li><b>12</b> Business interruption/cyber security breach</li> <li><b>15</b> Internal protocols for governance not followed</li> </ul>	
1	Rare				<ul style="list-style-type: none"> <li><b>4</b> Investment performance impacted by insufficient attention to ESG</li> </ul>	

# Pension Team Risk Summary

October 2023

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

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



Pension Team Risk Register

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	Dec-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 Surrey 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 share voting policy which directs voting of company resolutions and accepted the BCPP voting policy. 5) The Fund noted the BCPP Responsible Investment Policy. 6) Fund has a dedicated Responsible Investment sub-committee. 7) Fund engaging with lobbying groups. 8) Actuarial modelling undertaken (climate change impacts on longevity outcomes in prospect)		
		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 Surrey and 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.6)TCFD produced each year.		
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 2023/4 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.		
		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.						

Pension Team Risk Register

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	2	2	4	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	Mar-24
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 were integrated between SAP & Altair since Jan 2021 with SCC's banking processes to offer sound financial controls. However, SCC's ERP system has changed to Unit 4 in June 2023 and the integration between Unit 4 and Altair for monthly and daily payments is yet to be developed.	Process errors leading to incorrect contributions or benefits					TREAT 1) Develop an automated process whereby the Altair payment log updated by the administration team, is then converted into a journal template on a daily basis. This is then processed onto Unit 4 to ensure that all payments processed manually through Altair are accounted for and payments are then subject to the standard financial controls. Integration between Unit 4 and Altair for monthly and daily payments need to be developed.		

Pension Team Risk Register

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	Mar-24
		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	Mar-24
		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	Mar-24
		Service Delivery	12C		Failure to hold personal data securely.	Personal financial impact and damage to reputation.					TREAT- 1) Data encryption technology is in place, which allow secure the sending of data to external service providers. 2) Phasing out of holding records via paper files. 3) Any hardcopy pension admin records are locked daily in a secure place. 4) SCC IT data security policy adhered to. 5) SCC carries out Security Risk Assessments. 6) Custodian proactively and reactively identifies and responds to cyber threats.		

Pension Team Risk Register

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 a 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	Ongoing issues (access, training, reporting etc.) following implementation of new financial system leading to delayed processing, data integrity issues, financial loss and build up of backlogs.	A&G - Funding	16A		Insufficient opportunity to specify pension requirements and detailed testing of new systems prior to 'go live' leading to system not working as expected and teething issues remaining unresolved. This in turn combined with restricted access to the new system, lack of focussed training for relevant staff and limited or absence of reporting facility have caused processing delays and build up of backlogs which will require additional resources for remediation work. Inadequate system configuration has led to workarounds in some areas, delayed processing and/or data integrity issues.	Prolonged financial service disruption, lack of visibility of transactions, potential financial loss and inadequate reporting to senior management.	A&G	4	4	16	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.	TREAT 1) Clear specification for pensions in My Surrey, the new system and test the 'live' system to the extent possible. 2) Ensure adequate/competent resources are made available for testing the 'live' system for correct data migration from SAP to My Surrey and remains accurate at cutover and correct reporting facilities are available to users. 3) Ensure system users are adequately trained and given the required access. 4) Reconciliation of opening position to be agreed. 5) Monitoring of use/capability of new system. 6) Communication with stakeholders with respect to potential issues.	

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## Financial System Update

The new financial system for Surrey County Council was implemented in early June. As with any large-scale change there have been a number of teething problems as the new system beds in.

1	<b>Go live was in June</b>	The cutover was actioned in early June. There is no period of double running of the main ledger and MySurrey (Unit4) is now the default financial system.
2	<b>Several configuration and data population issues were subsequently experienced</b>	<p>Several data population and access availability issues followed the initial go live date and process backlogs have built up as initial issues have been addressed and the teams gain familiarisation with the new system.</p> <p>Hard work has been underway to fix ongoing issues and help staff – the support team continue to address areas raised.</p>
3	<b>Many elements are working...</b>	<p>Many HR and payroll related elements are functional. This includes e.g. transfer of leave balances and salary payments to staff.</p> <p>Some 'processing' components have now been introduced that weren't configured at 'go live' – such as e-mail notifications for managers.</p> <p>Reallocation processes to post regular Employer Contributions are working (excluding Payroll)</p>
4	<b>...but issues remain</b>	<p>There has been pressure on server capacity at various times – this has usually been quickly rectified.</p> <p>There are several configuration and reporting issues that are ongoing. There have been some 'display' errors of national insurance or LGPS contributions on staff payslips – these have not affected correct payments but will be rectified. Dashboards for employees and line managers are not yet live.</p> <p>Specific accounting reports for the Pension Team such as trial balance have not yet been delivered.</p> <p>We are awaiting resolution of leaver notification processes – this is a material issue and needs payroll action to rectify. Proposals are in train for progressing a solution to this.</p>

<p>5 <b>We have issues with reporting in the cash system</b></p>	<p>We had some issues with gaining the correct system and user access which led to a backlog in processing Contributions and Transfers In.</p> <p>The posting process for Treasury cash transactions was not created until September – leading to balances remaining unallocated on the Balance Sheet. These balances have now been cleared.</p> <p>Reports have still not yet been created for cashbook – the current workaround involves updating from the bank account directly.</p> <p>Reports have not yet been created for Actuary data submissions; current standardised reports are not fit for purpose. A request for new SPF reporting escalated to DB&amp;I Report Writing Team, due date tbc.</p> <p>There are issues of Intercompany transactions between SCC and SPF in MySurrey within the Banking process. An Autopost process has been implemented, whereas there should be no such process. Separate project to rectify this has commenced October 23.</p> <p>Electronic Banking System (importing data from HSBC to MySurrey) undertaken by Surrey County Council presently, due to be taken over by Surrey Pension Team when additional training is provided. Also, not all Cash Receipts are being imported to correct Account Codes causing reconciling errors.</p>
<p>6 <b>There are some issues with parallel running of payroll systems</b></p>	<p>For Schools processed by Surrey County Council Payroll, this can only be processed in SAP, but this data has not been imported into MySurrey. This means a degree of manual processing with consequent risks and delays.</p> <p>Breakdowns are required from Surrey County Council to allocate contributions. These have not yet been provided.</p>
<p>7 <b>Accounts payable and receivable configuration issues</b></p>	<p>Requisitioning did not go live until 2 weeks after ‘Go Live’ and pension fund suppliers were incorrectly set up in MySurrey. This has taken some time to resolve.</p> <p>Invoices can theoretically now be raised in batches rather than as originally configured to be only raised individually – but this has yet to be successfully progressed.</p>
<p>8 <b>Delayed processing remains a risk</b></p>	<p>Delayed processing remains a risk, due primarily to ongoing access or configuration issues.</p>

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- 9 **Risk register impact risk score remains under review**
- A risk noted in the risk register 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 several configuration elements and reporting, as noted to the Board at the last meeting, the original 'Severe' impact risk score was reduced. The risk score has subsequently been reappraised and given ongoing issues increased to 'Major' from the 'Moderate' score. This will, of course, remain under review.
- 
- 10 **Service Delivery feeling the impact but seeking resolution to mitigate issues**
- New starter information, change of details and full leaver information has not been supplied since May 2023 for Surrey CC members as per the iConnect monthly process.
- Whilst a work around has been implemented to receive key leaver information for retirements, death and redundancy, the lateness of this is causing delays in processing member benefits.
- When data is then supplied, it often has a high sense of urgency due to the time delays, leading to cases being fast tracked, which ultimately impacts other members awaiting their benefit and service performance levels.
- With the cases facing delays, it has increased member contact with Surrey Pensions seeking an update, requiring further investigations to understand the issues by Surrey Pensions and determine the root cause.
- To provide focus and support with a view to find suitable resolutions, Surrey Pensions Team have set up a joint working group with Surrey CC Payroll. The provision of reports and vital data has agreed time frames to deliver this (end of October) and, this support will remain over the coming months. The support offered will come in the form of testing, data validation and education.
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**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE:** 10 NOVEMBER 2023**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL**SUBJECT:** BUSINESS CONTINUITY PLAN UPDATE**SUMMARY OF ISSUE:**

This report considers proposals to establish a pension fund specific Business Continuity Plan.

**RECOMMENDATIONS:**

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

**REASON FOR RECOMMENDATIONS:**

This report provides the Board with insight into the activities of the Surrey pension function and outlines future governance proposals.

**DETAILS:****Background**

1. A preliminary review in the area of Cyber Security identified the need for a broader review of pension contracts and business continuity planning. These will assist in the development of comprehensive cyber security arrangements and business continuity plans specific to Surrey Pension Fund.

**Proposal is to establish a pension specific Business Continuity Plan**

2. The current timeline for production is set out below. This remains subject to review, pending the completion of initial steps.

<b>Q3 2023/24</b>	Aggregation of contracts into a single location - currently work in progress. Review of any extant Business Continuity Plans on which the Surrey Pension Team currently places reliance using the Council's Risk and Resilience Forum (CRRF).
<b>Q4 2023/24</b>	Review of contracts for required business continuity arrangements. Establish matrix of dependencies. Draft pension specific Business Continuity Plan.
<b>May 2024</b>	Board review of pension specific Cyber Security arrangements and Business Continuity Plan.

**CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

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

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

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

6. 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**

7. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY**

8. There are no equality or diversity issues.

**OTHER IMPLICATIONS**

9. There are no other implications.

**WHAT HAPPENS NEXT**

10. On completion of the initial steps in 2023/24, the Board will receive a report at its meeting in May 2024.

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**Contact Officers:**

Siva Sanmugarajah

Risk & Compliance Manager

**Consulted:**

Local Pension Board Chair

**Annexes:**

None

**Sources/background papers:**

None.

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**



**DATE: 10 NOVEMBER 2023**

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

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

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

The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter two 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 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 any final reports issued during quarter two are summarized in Appendix A.
2. Reviews in this quarter included planned audits only. Overall, no assignments were completed to final report stage in quarter two.

#### **CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

4. 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**

5. N/A

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

6. 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**

7. None

**EQUALITIES AND DIVERSITY**

8. There are no equality or diversity issues.

**OTHER IMPLICATIONS**

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

**WHAT HAPPENS NEXT**

10. 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 Chairman and Vice-Chairman

**Annexes:**

1. Surrey Pension Fund Internal Audit Progress Report November 2023

**Sources/background papers:**

1. Internal Audit Strategy and Plan 2023/24
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# Internal Audit and Counter Fraud

## Surrey Pension Fund Internal Audit

### Progress Report for Quarter Two 2023-24

#### November 2023

#### CONTENTS

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

## 1. Summary of Completed Audits

No audits completed to final report stage in quarter two.

## 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 September 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	Draft Report Issued	Reasonable Assurance anticipated at draft report stage
i-Connect Application Control	Not yet started	
Administration Review – Transfers In	Fieldwork underway	
Pension Fund Investments	Not yet started	
Admission Arrangements	Not yet started	
Follow Up of the LGPS Performance Management Review	Completed – Final Report Issued	Substantial Assurance

<p>Follow up of the Banking Controls Review</p>	<p>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</p>	<p>No opinion given at this stage - However, further follow up work will be completed later in the year</p>
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## 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.

**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE:** 10 NOVEMBER 2023**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,  
CORPORATE AND COMMERCIAL**SUBJECT:** EXTERNAL AUDIT UPDATE**SUMMARY OF ISSUE:**

This report provides an update to the External Audit of the 2021/22 and 2022/23 Financial Statements.

**RECOMMENDATIONS:**

It is recommended that the Board notes the status of the External Audit work.

**REASON FOR RECOMMENDATIONS:**

The Board needs to be aware of the activities and outputs of the external audit providing insight into the production and assurance of the financial position of the fund.

**DETAILS:****Background**

1. The external auditor, Grant Thornton, carries out an annual audit of the Fund's financial statements including its assets and liabilities.
2. Audit fieldwork has been impacted by a number of ongoing issues during 2023 as set out below.

**Audit of 2021/22 Financial Statements**

3. The Actuarial Valuation as at March 2022 was finalised ahead of the completion of the Council and Pension Fund audits of the 2021/22 Financial Statements due to delays experienced during fieldwork – including a delay in guidance issued for a specific part of the Council accounts. As a consequence, the auditors revisited the pension elements in the Council Accounts for 2021/22 and required further testing. This testing is now complete.
4. The audit opinions on the 2021/22 Accounts for the Council and the Pension Fund were issued by the auditors on 23 October 2023.

## **Audit of 2022/23 Financial Statements**

5. The detailed timeline for the Pension Fund audit was not provided early. The team has been working diligently through the audit testing requirements. In late October 2023 there was one item on the outstanding query log that was actively being addressed. As well as providing working papers directly on areas under Pension Team control, some delays have been experienced in the provision of information from several third parties – including Fund Managers and the Actuary. Officers followed up with the organisations concerned to encourage provision of the relevant information.
6. Grant Thornton is reviewing the resources they require in order to progress the audit through the next few weeks.

### **Delegated authority for sign-off**

7. It is proposed that delegated authority be provided to the Chair of the Pension Fund Committee for final approval of the accounts and compliance with any other process required of the Council Audit & Governance Committee.
8. The accounts will be put to the Council Audit & Governance Committee in due course. As last year we will upload a version of the Pension Fund Annual Report (whether audited or not) before the deadline of 1 December.

### **CONSULTATION:**

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

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

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

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

11. The process of the audit of the Pension Fund does present potential financial and value for money implications depending on efficiency and effectiveness.

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

12. 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**

13. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY**

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

**OTHER IMPLICATIONS**

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

**WHAT HAPPENS NEXT**

16. The following next steps are planned:

- a) Officers to work with the audit team to progress the audits to completion
- b) Further updates to be brought to the Board as necessary.

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**Contact Officer:**

Keevah Dumont  
Paul Titcomb

Finance Manager  
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: 10 NOVEMBER 2023

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

SUBJECT: LGPS UPDATE (BACKGROUND PAPER)

**SUMMARY OF ISSUE:**

This report considers recent developments in the LGPS.

**RECOMMENDATIONS:**

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

**REASON FOR RECOMMENDATIONS:**

The report provides background information for the Board.

**DETAILS:****Highlights**

- |  |  |
|--|--|
| 1 <b>McCloud regulations laid</b>  | The LGPS regulations to implement the McCloud remedy have now been laid and effective from 1 October 2023. More information on McCloud in paragraphs 10 to 16, 34, 35 and 38.  |
| 2 <b>Investments and Climate Related Financial Disclosures highlighted</b> | DLUHC consultation on next steps for LGPS investing closed and SAB responds. In addition, the LGA publish a technical brief and submit written evidence to a Bill which will extend to LGPS investment decisions. More information can be found in paragraphs 17 and 21. |
| 3 <b>All factors received following SCAPE discount rate change</b>         | Following change to the SCAPE discount rate, all batches of actuarial factors have been received. More information can be found in paragraphs 4, 5 and 15.   |

**LGPS updates**

- Following the change on 30 March 2023 to the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate, the third batch of factors were issued on 28 July for trivial commutation, inverse commutation, scheme pays for Annual Allowance and Lifetime allowance debits (necessary for calculating scheme pays debits if member elects at time retirement benefits are being processed).
- The final batch of factors were issued on 2 October and are for Club transfers in and out, purchase of additional pension, conversion of Additional Voluntary Contributions (AVCs) transfer credits, conversion of AVCs to provide additional pension and purchase of additional survivor benefits. For members who are purchasing additional pension or additional survivor benefits under a contract which began before the revised factors came into effect (2 October), and the contract is due to expire after March 2024, will need to be contacted to advise of the change in factors and recalculated contributions will be collected from 1 April 2024 onwards, in line with the new factors.

6. The Department for Levelling Up, Housing and Communities (DLUHC) updated their form and guidance for the LGPS fund account return (SF3). The documents set out the data for 2022/23 that administering authorities needed to provide by 15 September 2023. DLUHC uses the information to provide a benchmark on administration and fund management and is also used in compiling the national accounts and to show the role of the LGPS in the economy.
7. The Local Government Association (LGA) have published free and interactive [bite-size training on ill health retirement](#) for employers.
8. The LGA have published [employer](#) and [member](#) frequently asked questions (FAQs) about strike action for LGPS members.
9. Booking is now open for the [LGPS Governance Conference 2024](#). The conference will take place on 18 and 19 January 2024 in York and can be attended in person or online. The conference is aimed at Councillors and others who attend pension committee/panels and local pension boards.

## McCloud

10. The DLUHC announced the outcome of the consultation on supplementary McCloud issues and draft regulations on 8 September. On the same day [The Local Government Pension Scheme \(Amendment\) \(No. 3\) Regulations 2023](#) were laid and took effect from 1 October. These regulations implement the McCloud remedy and amend the statutory LGPS underpin rules, ensuring younger members are also afforded protection, by removing the age discrimination and ensuring the underpin now works effectively and in line with the government's policy intent, following the McCloud judgement and the government's acceptance, that the discrimination found by the Court of Appeal, applied to all public service pension schemes.
11. To qualify for underpin protection members must meet the following criteria:
  - Been a member of the LGPS or another public service pension scheme (PSPS) on or before 31 March 2012 (the former PSPS benefits do not have to have been transferred to the LGPS) and,
  - Provided they do not have a subsequent continuous gap in membership of a PSPS of more than 5 years and,
  - Contributed to the LGPS at some point during the remedy period (1 April 2014 and 31 March 2022), or transferred in PSPS membership where the member contributed to the scheme during the remedy period and,
  - Were under age 65 during some, or all, of the remedy period.
12. The DLUHC have, or are:
  - Published a new version of the [McCloud member factsheet](#), which reflects the final regulations.
  - Issued a [McCloud initial prioritisation policy](#), with a final version being issued early next year.
  - In the process of setting up an implementation group to decide what other statutory guidance is required.
13. The LGA have, or are:
  - Working on a McCloud technical guide.
  - Will be hosting McCloud online surgeries, as well as in person breakout session at the Pension Managers' Conference in Torquay.
  - Created a new area in the [member website dedicated to McCloud](#).
  - In conjunction with the Communications working group, produced initial template paragraphs for member correspondence.

14. The Government Actuary's Department (GAD) are updating actuarial guidance to reflect the changes, which will be published by DLUHC as soon as it is available. As a result, for those who qualify for the underpin protection, the calculation of a transfer out will be different from 1 October 2023 and as the GAD guidance has not yet been issued, those transfers must be put on hold.
15. The Club Memorandum, used for calculating transfers between public service pension schemes, has also been updated to reflect the changes following the McCloud remedy, as well as the SCAPE rate review.
16. Further regulations will be needed to implement the remedy, primarily for excess teacher service and it is expected DLUHC will publish a consultation on these changes in 2024.

### **Scheme Advisory Board (SAB)**

17. The SAB published a statement setting out [some key principles](#) that will form the basis of its response to the DLUHC consultation on [LGPS: Next steps on investments](#), which closed on 2 October. The SAB also submitted their [full response](#) to the consultation on 2 October.
18. The Compliance and Reporting Committee (CRC) is a subcommittee of the SAB and was established following the disbandment of the Chartered Institute of Public Finance and Accountancy (CIPFA) pension panel in 2021. They have five workstreams looking at drafting new or updating existing statutory guidance, being good governance, knowledge and skills, funding strategy statements, audit issues and producing the Annual Report. The CRC has identified areas in the 2019 CIPFA 'preparing the Annual Report guidance' that require updating and clarification, along with streamlining where possible.
19. Another key area identified for improvement is how funds should report and categorise the allocation of assets, which has also been covered by the Department for Levelling up, Housing and Communities (DLUHC) consultation on LGPS investment reform. The proposal is for 'a single standard set of data on investments across Annual Reports and LGPS statistics'. The new guidance will suggest administering authorities follow a 'worked example' template provided by the SAB. This should improve consistency and aid with the process of producing the Annual Report.
20. The administrative Key Performance Indicators (KPIs) are also being reviewed, aiming for them to be better defined and allow for standardised reporting. This will also enable funds to benchmark themselves against others. It is hoped the guidance will be in place for the 2023/24 reporting period.
21. [The Economic Activity of Public Bodies \(Overseas Matters\) Bill](#) (also known as the Boycotts, Divestments and Sanctions Bill), had a second reading in the House of Commons on 3 July 2023. Serious concerns were raised about the Bill during the [debate](#) about rationale, practicability and whether it constituted a significant over-reach of Ministerial authority. The LGA have published a [technical brief](#) on the Bill and submitted [written evidence](#) on the Bill to the Public Bill Committee. The Scottish Scheme Advisory Board also sent [a letter](#) to the Committee about the Bill expressing concerns.
22. Following the LGPS Gender Pensions Gap report produced in January 2023, which identified a substantial difference between the average level of pension benefits built up by male and female scheme members, the Board asked GAD to explore the gaps in more detail, focusing on career patterns, differences relating to employers or categories of employers and comparing the analysis with the 2019 report.
23. GAD have provided their [findings](#) but concluded there is no simple answer as there appears to be a complex interaction between the types of work women do, their career patterns (including part time working and career breaks) and their ability to progress their careers after taking on childcare or other caring responsibilities.

24. As there is not a settled approach to data and methodological issues which would allow detailed comparisons to be drawn between gender gaps in the different public sector pension schemes, the Board has proposed that GAD puts in place a common reporting framework for all the public sector schemes. This could be worked into the quadrennial scheme valuation process and the Board believes that the relationship between gender pay and pension gaps reporting needs to be addressed to allow for greater transparency and understanding and have set up a small working group to consider next steps.
25. The SAB have published its [2022 Scheme valuation report](#), which is compiled from data from local fund valuation reports. This shows an improvement in the average funding levels since 2019.
26. The SAB have set up a small working group to look at the issues presented by the improving funding position across the Scheme. For example:
  - What impact could/should being in surplus have on employer contributions.
  - When is it appropriate to set a negative secondary contribution.
  - What impact could/should being in surplus have on investment and funding strategies.
  - How best to communicate being in a surplus position to employers and member representatives.
27. The Board is considering its own cost control mechanism and the assumptions on which the process is based. This follows changes made to HM Treasury's mechanism after a review by the Government Actuary and public consultation.

### **Pensions Dashboard Programme (PDP)**

28. [The Pensions Dashboards \(Amendment\) Regulations 2023](#) have been laid and a revised staging timeline will be set out in guidance, with all schemes needing to connect by 31 October 2026.
29. The Pensions Regulator (TPR) have updated their ['Failing to comply with dashboards duties'](#) guidance, outlining what schemes will need to do to demonstrate regard to the staging timetable.
30. The PDP continue to update and launch new [resources](#) along with a [newsletter](#) in August.
31. The Pensions Administration Standards Association (PASA) have also updated their [Dashboards Data Accuracy Guidance](#).

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

32. HMT published [The Public Service Pensions \(Valuations and Employer Cost Cap\) Directions 2023](#). The directions replace those previously published in 2014 and apply to the 2020 and later valuations.

### **HMRC**

33. HMRC released draft legislation and a policy paper [on abolishing the pensions lifetime allowance](#) from 6 April 2024, responses were asked for by 12 September and the LGA sent a [response](#). Within their response they have said they do not believe this will simplify the tax regime for the local authority workforce and other LGPS employers and is likely to cause confusion.
34. The Government laid [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) \(No.2\) Regulations 2023](#), which came into force on 14 September 2023. These regulations address issues not dealt with in the first set of regulations ([The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023](#)), in relation to the McCloud remedy for the Public Service Pension Schemes.

35. HMRC has issued [guidance](#) to cover the second set of regulations, although the guidance has not been updated to reflect the final version of the regulations, but to assist with the guidance and explain any changes due to the consultation feedback, HMRC have published a [public service pensions remedy newsletter](#).

#### **Department for Work and Pensions (DWP)**

36. The DWP published [results of the independent review of TPR](#), which found it is broadly well run and well regarded.

#### **The Pensions Regulator (TPR)**

37. TPR published its [Annual report and accounts](#) for 2022/23.
38. TPR published guidance on annual benefit statements (ABS) for 2023 to 2025 in relation to the McCloud remedy for public service pension schemes. The guidance is primarily aimed at the other public service pension schemes where those affected by the McCloud remedy, will have to be rolled back into their 'legacy' scheme for the remedial period and will be offered a 'deferred choice underpin (DCU)' at retirement, this does not apply to the LGPS, where affected members will automatically have the underpin applied to their benefits. The guidance sets out TPR's expectations, but acknowledge this will be challenging and so will take a risk based approach when assessing and ABS breaches during 2023 to 2025.
39. TPR published a blog titled '[Why we are building relationships with pension administrators](#)' emphasising the importance of fostering closer relationships with administrators, allowing TPR to gain a better understanding of the challenges they face and address risks more effectively.
40. TPR launched a new industry facing campaign on LinkedIn encouraging trustees and administrators to not let scams go unreported.

#### **The Pensions Ombudsman (TPO)**

41. The TPO published a [member factsheet](#) outlining what members should do if they have a complaint about receiving incorrect information.

#### **Other news and updates**

42. [The Finance \(No.2\) Act 2023](#) received Royal Assent on 11 July 2023, this delivers the tax changes announced in the Spring Budget.
43. National LGPS Frameworks intends to launch a new framework for AVC services later this year.
44. The PASA published new [data guidance on benefit accuracy](#) for defined benefit (DB) schemes building on from their previous guidance on [data quality](#).
45. The Money and Pensions Service (MaPS) published its [review of the evidence on the scale of pension scams in the UK](#).
46. The Pensions (Extension of Automatic Enrolment) Act 2023 has received Royal Assent and gives the UK Government the power to make regulations that will lower the minimum age for automatic enrolment from age 22 to 18 and remove the lower earnings limit for contributions. The UK Government will shortly launch a consultation on implementing the changes.

<b>CONSULTATION:</b>
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47. The Chair of the Local Pension Board has been consulted on this report.

**RISK MANAGEMENT AND IMPLICATIONS:**

48. None.

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

49. None.

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

50. 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**

51. None.

**EQUALITIES AND DIVERSITY**

52. There are no equality or diversity issues.

**OTHER IMPLICATIONS**

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

**WHAT HAPPENS NEXT**

54. 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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