

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.00 am on 17 May 2024 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 26 July 2024.

(* present)

Elected Members:

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

Ex officio Members:

Co-opted Members:

Substitute Members:

In attendance

18/24 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from David Lewis and Siobhan Kennedy who both attended online.

19/24 MINUTES FROM THE PREVIOUS MEETING: 16 FEBRUARY 2024 [Item 2]

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

20/24 DECLARATIONS OF INTEREST [Item 3]

There were none.

21/24 QUESTIONS AND PETITIONS [Item 4]

There were none.

22/24 GLOSSARY, ACTION TRACKER & FORWARD PLAN [Item 5]

Speakers:

Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. The LGPS Senior Officer highlighted two closed actions of 2/23 and 56/23. In relation to action 55/33 he explained that there had been a meeting with the Chairs and the programme team which would be discussed further under the Risk Register item on the agenda.
2. In response to a query from the Chair the LGPS Senior Officer stated that whilst the Training Policy was to be reviewed annually it may be helpful to the Board if they had a summary of the expectations or requirements of the new policy which was more user friendly.

Actions/ further information to be provided:

To provide Board Members with a summary of requirements of the new training policy.

Recommendations:

1. The report and annexes were noted with no recommendations made to the Pension Fund Committee.

23/24 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 22 MARCH 2024 [Item 6]**Speakers:**

Nick Harrison, Chair Surrey Pension Fund Committee
Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. The Chair of the Surrey Pension Fund Committee (Committee) gave a precis of items that the Pension Fund Committee had discussed at its last meeting. This included the Committee's investment beliefs which were under discussion and further meetings were to be held on this topic.
2. In response to a Member question the Chair of the Committee confirmed that all Board and Committee Members would be invited to discuss the investment beliefs. The notes of the first meeting would be provided to the Board and the Committee Chair would be happy to accept any comments from the Board.
3. A Member asked what action would be taken if Surrey County Council (SCC) declared a climate emergency. The Chair of the Committee explained that:
 - SCC was only one of hundreds of employers in the Fund and the Fund had a duty to reflect the views of all employers and not SCC in isolation.
 - There was a robust Responsible Investment Policy on which employers and members had been consulted.
4. The LGPS Senior Officer explained that governance was being reviewed with a clearer separation of the Fund and Council functions being explored.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted with no recommendations made to the Pension Fund Committee.

24/24 SURREY PENSION TEAM OVERVIEW - QUARTER 4 [Item 7]

Speakers:

Nicole Russell – Head of Change Management (online)
Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. The Head of Change Management introduced the rolling dashboard which was a snapshot of the metrics taken on the last day of the quarter that it represented. She explained that there had been improvements in nearly all areas and those that were down were within tolerance levels of normal fluctuation. The legacy reduction programme was going well.
2. A Member asked for a metric on the vacancy rate to which the LGPS Senior Officer responded that officers could report on the vacancy rate.
3. The Head of Change Management also explained that officers were looking at a change of IT platform for the dashboard so that those with an external email could access the dashboard.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

25/24 CHANGE PROGRAMME UPDATE - QUARTER 4 [Item 8]

Speakers:

Nicole Russell – Head of Change Management (online)

Key points raised during the discussion:

1. The Head of Change Management highlighted the following areas of this report:
 - The members website had been launched on time in January
 - Members had been consulted on how they would like to be communicated with and there was much appreciation for the weekly email sent out by the LGPS Senior Officer.
 - The Team had been shortlisted in a number of industry awards over the last quarter.
 - There were positive results from the staff survey (Pulse) which explains the uplift in people metrics on the dashboard.
 - That the Projects Team of two officers were managing 17 projects which was unsustainable going forward. There was one vacancy but there were also plans to upskill the rest of the team to enable smaller projects to be handled elsewhere so the Projects Team concentrate on the bigger projects.
 - Work was being undertaken on the approved 2-year strategic plan.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

26/24 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 JANUARY 2024 TO 31 MARCH 2024 [Item 9]

Speakers:

Tom Lewis, Head of Service Delivery

Key points raised during the discussion:

1. The Head of Service Delivery highlighted the following areas on the report:
 - a) Performance levels had remained broadly the same as previous quarter. There were still a few areas to be addressed for example notification of ill health and death benefit payments. Unit 4 continued to impact the way in which some cases were coming through and the levels of priority that had to be given from time to time. However, there isn't a lot of work stacking up and staff are getting through the work.
 - b) The customer Relationship team numbers remained consistent with 87% of queries being dealt with at the point the call was made. It was expected that there would be a rise in queries next quarter due to annual benefit statements being sent out.
 - c) In response to a Member query regarding the number of login issues the Head of Service Delivery responded that this was down to people forgetting their login and that it was not easy to change it. He was looking at ways to improve this position.
 - d) There had been little movement on GMP as the same people that are working on GMP had moved their efforts to Pensions Increase and other required work around McCloud. Aptia, the third party provider, were working with the team to re-establish requirements and ensuring that it was meeting the expectation of what was wanted. It was hoped to see GMP work finished by the end of this year.
 - e) The number of cases completed for the legacy case reduction was significant, however, this rate may go down as the legacy team will be used to help with any work generated from MySurrey.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted with no recommendations made to the Pension Fund Committee.

27/24 RISK REGISTER UPDATE 2023/24 QUARTER 4 [Item 10]

Speakers:

Paul Titcomb, Head of Accounting & Governance
Tom Lewis, Head of Service Delivery
Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. A Member queried risk 13 on regulatory compliance and would the expectation be that once the work on those areas around GMP and McCloud was complete that the assessment of the likelihood would drop and the risk profile decrease? The Head of Service Delivery stated that this was difficult to answer because the risk noted in the register is broader than those specific areas and it is not clear what might be coming from government legislation further ahead. So it could be that those two material items are cleared and at that point the risk on those items alone

has come right down only for something else to require the assessment to go back up again.

2. The Chair stated that he had a potential issue with risks 13 and 14 which he felt could be rated as unlikely but having heard what the Head of Service Delivery said that the risk area was broader so maybe those risks should stay as they are. The Head of Service Delivery responded that this was an inherent risk and ratings would fluctuate accordingly.
3. The Head of Accounting & Governance stated that the ongoing issues with MySurrey had been well articulated in the report and annex. The payroll data area had been a significant issue. The primary issue was with access and reporting out of the system.
4. A Member asked if the position was that the information coming through from other employers or employees, other than Surrey County Council, was now more readily going into the pension fund and meeting pension fund requirements? The Head of Service Delivery responded that from an employer data perspective, the flow of data coming across from Surrey has been minimal or the frequency has been late. He explained in detail the differing processes that were being used. This had disrupted the way in which information was flowing in. Then there was the work that they're trying to do, not just to rectify pensions work. They don't have the resource to return to the more manual way of doing it or providing it in a different way, bar for those cases where they're deemed critical. The biggest issue was not receiving leaver information and he explained the support that the Administration Team had provided to try to get things on track.
5. The LGPS Senior Officer explained that the urgency of this had been elevated and that regular meetings took place at which the Board and Committee Chairs attended. Ultimately, there was a need to be confident in the way this was being looked at and that serious steps on remediation were being taken by Surrey County Council. If they were not, then a recommendation to the Board that Surrey County Council be reported to the Pension Regulator may be considered appropriate. A Member asked at what point did officers think that this may need to happen. The Head of Service Delivery estimated a month from the tipping point because if left any later and the information had still not been received then there would be an issue delivering the annual benefit statements.
6. A Member also pointed out that if starter/leaver information was not received then that would impact on external audit not being able to give a clean opinion on the accounts. The Head of Accounting & Governance responded that the accounts would be prepared with the best available information and if there were estimates required then the estimates would go into the accounts.
7. The Chair stated that there was a meeting on this specific topic on Tuesday where both he and the Committee Chair would be. They would learn the latest position at that meeting. Therefore, it was determined that the Board should monitor the issue closely. It was agreed that a note on the outcome of this meeting be shared with the Board.
8. A Member asked if no one's been entered on the system for however long it was, how many people was that in a normal period? The Head of Service Delivery responded that new starters were included in the rectification work that had been done, so they've been identified, and their records updated. He estimated about 300 to 400. New starters were not a big work burden because once the data flowed in then new starter packs would be issued in bulk, but the problem was that they may then start contacting the customer relations team questioning why they are getting a

pack when they started some time ago. This may then cause a knock on effect to other service areas.

9. The LGPS Senior Officer explained the process prior to reporting to the Pension Regulator describing the traffic light system for the materiality of a breach. That the risk was at amber at the moment but if it was felt to be going into the red then the Breaches Policy would be followed as part of next steps. This would involve consulting with senior officers in the organisation, including the monitoring officer and the Chairs of the Committee and the Board, and make a recommendation to those bodies before any formal reporting was made. Currently the remediation and mitigation were underway, but it was coming to the point whereby it may need to be reported.
10. There was some discussion around whether the risk rating for risk number 16 should be raised to the highest level and on the advice of the LGPS Senior Officer agreed to hold off on any changes until after the meeting to be held on Tuesday with relevant parties and the Chairs as the next two weeks were critical.
11. A Member also asked if the mitigation for risk no 16 should be changed and again it was agreed that this decision would be deferred until after the Chairs meeting on Tuesday.

Actions/ further information to be provided:

That a note on the detail and outcome of Tuesday's meeting be shared with the Board.

Recommendations:

1. That the report be noted.
2. To recommend that if appropriate, following a meeting of the Chairs and officers, that the Pension Fund Committee review the risk score and mitigation of risk 16.

28/24 BUSINESS CONTINUITY PLAN-PROGRESS UPDATE [Item 11]

Speakers:

Paul Titcomb, Head of Accounting & Governance
Siva Sanmugarajah, Risk & Compliance Manager
Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. The Head of Accounting & Governance explained that the officers continued to be reliant on others for business continuity procedures. They were working with the Council's Risk and Resilience Forum to develop the pension team's own plan and business impact assessments. The aim was to update the Board further in July.
2. In response to member questions both the Risk & Compliance Manager and the LGPS Senior Officer explained how at the moment the team were reliant on the Council's overarching continuity plan but work at present was looking at a specific plan for the pension team that was independent of the Council's plan.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

29/24 UPDATE ON CYBER SECURITY [Item 12]

Speakers:

Paul Titcomb, Head of Accounting & Governance
Siva Sanmugrajah, Risk & Compliance Manager

Key points raised during the discussion:

1. The Head of Accounting & Governance explained that there had been mandatory training for the pension team which was delivered via a webinar. This had been well received.
2. The Risk & Compliance Manager confirmed that the contract management piece of work which she would be undertaking as part of the business continuity plan would include the cybersecurity arrangements. When that work was completed, the cybersecurity position will be reported to the Board.
3. A member asked whether there was insurance in place to mitigate any potential financial loss and what was currently in place. The LGPS Senior Officer explained that the risk sat with the custodian which was Northern Trust and gave assurance that this was covered.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

30/24 SURREY PENSION FUND INTERNAL AUDIT PROGRESS REPORT - QUARTER 4 [Item 13]

Speakers:

Liam Pippard, Principal Auditor

Key points raised during the discussion:

1. The Principal Auditor highlighted that one final audit opinion had been issued in quarter four, which was reasonable assurance in the area of transfers in. The issues with Unit 4 were being monitored in order to come to an agreement when the follow up audit of banking controls would be done. This would be agreed with the team.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

31/24 SURREY PENSION FUND INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2024/25 [Item 14]

Speakers:

Liam Pippard, Principal Auditor

Key points raised during the discussion:

1. The Principal Auditor gave a brief precis of the annual strategy and plan report. He gave an update on what sort of areas were to be covered. The

specific scope with audits were to be agreed with the team to make sure that the most appropriate areas were to be covered.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

32/24 EXTERNAL AUDIT UPDATE [Item 15]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance gave a few updates subsequent to the report which included:
 - Grant Thornton had provided their signed audit report for the 2022/23 financial statements at the end of March.
 - the audited accounts were incorporated into the annual report and as an update this had now been made available on the pension fund website and had been submitted to the scheme Advisory Board.
 - The auditor for 2023/24 is Ernst & Young (EY). Their conflict checks had taken some time to complete. The auditors were now in their planning phase and given the delay to this, the resulting audit plan for the 2023/24 financial statements will be put to the Council's Audit and Governance Committee in July.

Actions/ further information to be provided:

None.

Recommendations:

1. That the status of the External Audit work was noted.

33/24 LGPS UPDATE (BACKGROUND PAPER) [Item 16]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

1. The LGPS Senior Officer explained that there continued to be considerable interest from central government regarding the LGPS and in particular the progress of pooling. He also reminded the Board of the Border to Coast conference on the 18th and 19th of July in Leeds. Border to Coast would be talking to their 2030 strategy at that conference and all Members of the Board were welcome to attend.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

34/24 VOTE OF THANKS [Item]

The Chair and Board thanked Paul Titcomb, Head of Accounting & Governance for all the work that he had put in over the years that he had been with Surrey and the great help he had provided on that side of the pension fund. All wished him the best of luck for the future.

35/24 DATE OF THE NEXT MEETING [Item 17]

It was noted that the next meeting was scheduled for 26 July 2024.

Meeting ended at: Time Not Specified

Chairman