

Notice of Meeting

Surrey Local Pension Board



Date & time	Place	Contact	Interim Chief Executive
Friday, 17 May 2024 at 10.00 am	Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF	Angela Guest angela.guest@surreycc.gov.uk	Leigh Whitehouse

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 on angela.guest@surreycc.gov.uk .

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

Board Members

Tim Evans (Independent Chairman), David Lewis (Vice-Chairman) and Jeremy Webster Siobhan Kennedy (Surrey LGPS Members), William McKee (Surrey LGPS Members) Brendan Bradley (Surrey LGPS Members), Chris Draper (Surrey LGPS Members) and Trevor Willington (Surrey LGPS Members)

TERMS OF REFERENCE

The role of the local Pension Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the County Council as Administering Authority:

- (a) to secure compliance with:
- (i) the scheme regulations;
 - (ii) any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
 - (iii) any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.
- (b) to ensure the effective and efficient governance and administration of the LGPS Scheme.

The Local Pension Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Local Pension Board will also help ensure that the Surrey Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Local Pension Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES FROM THE PREVIOUS MEETING: 16 FEBRUARY 2024

(Pages 5
- 14)

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

3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (13/05/2024).
2. The deadline for public questions is seven days before the meeting (10/05/2024)
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 GLOSSARY, ACTION TRACKER & FORWARD PLAN

(Pages
15 - 38)

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

6 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 22 MARCH 2024

(Pages
39 - 44)

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

7 SURREY PENSION TEAM OVERVIEW - QUARTER 4

(Pages
45 - 56)

This report is being presented for the first time. The intention is to give an overview of the entire service at a macro level in order to set the context for the following micro level reports from each area. The One Pensions Team Dashboard is the primary vehicle for providing this overview.

- | | | |
|-----------|--|-------------------------|
| 8 | CHANGE PROGRAMME UPDATE - QUARTER 4 | (Pages
57 - 60) |
| | This paper details the Change Team Quarterly Report for the period January-March 2024. | |
| 9 | ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1
JANUARY 2024 TO 31 MARCH 2024 | (Pages
61 - 76) |
| | 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 4 | (Pages
77 - 92) |
| | This report considers changes made to the risk register for the Surrey Pension Team in Quarter 4 of 2023/24. | |
| 11 | BUSINESS CONTINUITY PLAN-PROGRESS UPDATE | (Pages
93 - 96) |
| | This report outlines progress on establishing a pension fund specific Business Continuity Plan. | |
| 12 | UPDATE ON CYBER SECURITY | (Pages
97 - 98) |
| | This report considers the ongoing Cyber Security work in the Surrey Pension Team. | |
| 13 | SURREY PENSION FUND INTERNAL AUDIT PROGRESS REPORT -
QUARTER 4 | (Pages
99 - 104) |
| | The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter four of 2023/24 and provide an update on any high priority actions due for implementation. | |
| 14 | SURREY PENSION FUND INTERNAL AUDIT STRATEGY AND
ANNUAL PLAN 2024/25 | (Pages
105 -
112) |
| | The purpose of this report is to inform the Board of the strategy and plan of work to be completed by Internal Audit in 2024/25. | |
| 15 | EXTERNAL AUDIT UPDATE | (Pages
113 -
114) |
| | This report provides an update to the External Audit of the 2022/23 Financial Statements. | |
| 16 | LGPS UPDATE (BACKGROUND PAPER) | (Pages
115 -
122) |
| | This report considers recent developments in the LGPS. | |
| 17 | DATE OF THE NEXT MEETING | |

The next meeting is scheduled for 26 July 2024.

Leigh Whitehouse
Interim Chief Executive
Published: Thursday, 9 May 2024

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 10.00 am on 16 February 2024 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Board at its meeting on Friday, 17 May 2024.

(* present)

Elected Members:

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

In attendance

Nick Harrison, Chairman Surrey Pension Fund Committee

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

Brendan Bradley had submitted an apology.

2/24 MINUTES FROM THE PREVIOUS MEETING: 10 NOVEMBER 2023 [Item 2]

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

3/24 DECLARATIONS OF INTEREST [Item 3]

There were

4/24 QUESTIONS AND PETITIONS [Item 4]

There were none.

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

Speakers:

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

Key points raised during the discussion:

1. The LGPS Senior Officer gave an update on tracker item 55/23 regarding the MySurrey concerns. Both the Chairs of the Board and the Committee wrote to the Council regarding these concerns and met with the Director of Finance, Corporate and Commercial in January for an update. There was more confidence on the issues being addressed as officers from the Pension Team were now involved in that piece of work.

2. The Head of Service Delivery continued to update the Board on the progress of the work around the MySurrey issues:
 - a) Have identified that there were approximately 1,200 members who had had a contribution issue of some sort and 500 of those will be rectified within February payroll. The Surrey County Council (SCC) Payroll Team will communicate this to those affected members.
 - b) The plan will be to turn to those where there has been an ABC issue, because generally they should be a bit more straightforward to identify and reinstate by year end.
 - c) Aside from the rectification of the data, there were now dedicated sub teams working to deliver on the iconnect fault by the end of March.
 - d) Pension Team officers would continue to work with Payroll regarding all outstanding issues around data and configuration until resolved.
3. The Chair of the Pension Fund Committee asked if the alternative arrangements for academies was progressing satisfactorily? The Head of Service Delivery reported that those that had off-boarded from SCC had successfully moved to the new payroll providers. There were one or two areas where there was some data required from SCC payroll to go to the actuary, but that that they were being worked on and were coming across in stages.
4. Both Chairs requested a full update to the next meetings of the Board and the Committee.
5. In response to a Member query the LGPS Senior Officer explained that a piece of work was being undertaken around governance arrangements to identify areas of conflict between SCC and the Pension Fund. Further guidance on this subject was expected from the Scheme Advisory Board and some regulation from the Department later this year.
6. The Chairs thanked the Pension Team for all their work on this.

Actions/ further information to be provided:

1. That a full update be brought to the next Pension Fund Committee and Pension Board regarding the MySurrey issues and progress with academies.
2. That the glossary includes acronyms relating to the pension fund accounts (e.g. IFRS or GAP).

Recommendations:

That the Action Tracker and Forward Plan be noted. There were no recommendations to the Pension Fund Committee.

6/24 CHANGE PROGRAMME UPDATE - QUARTER 3 [Item 6]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer
Bradley Coxon – Senior Project Specialist (online)

Key points raised during the discussion:

1. The LGPS Senior Officer introduced this report and updated the Board on the learning and development section. He explained that it had been difficult to fully engage all members in training and development. The pension team were looking at new ways to engage Members in training and in doing so had spoken with other schemes in the Border to Coast pool. As a result, a two-day residential course would be trialled.

2. There were various Member questions regarding the residential course and the LGPS Senior Officer explained the following:
 - a) The residential course would substitute some other current training.
 - b) Residential training was deemed cost effective when compared with other events throughout the year. There was also a preference with Members for this.
 - c) The need for flexibility was acknowledged as there may be some Members not able to stay overnight due to home circumstances.
 - d) Whilst the residential training was planned for October and some Members may need to renew their statutory training before then, they were asked to carry on with their current training plans.
3. The LGPS Senior Officer also highlighted the following from the report:
 - a) The new Member website had been launched and comments on it were welcome.
 - b) The digital design team were helping with the process of a review, particularly in areas of service delivery and accounting and governance. There had been some constructive work looking at different processes and how to introduce efficiencies, whether that be digital or otherwise.
4. The Senior Project Specialist presented the dashboard and highlighted:
 - a) Changes requested by Members at the last Board meeting had been put in place.
5. There was some discussion around external Members still not being able to access the dashboard and therefore not finding the dashboard useful. It was agreed to defer judgement until the external email issue had been resolved.

Actions/ further information to be provided:

None.

Recommendations:

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

7/24 COMMUNICATION POLICY STATEMENT 2024/25 [Item 7]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer
Bethany Goss, Specialist Communications (online)

Key points raised during the discussion:

1. The LGPS Senior Officer explained that this report was more of a statement of intent rather than a communications strategy. The Communications Officer explained that the policy was largely unchanged from the previous one, but the main change was the inclusion of dashboards.
2. An error was picked up in the introduction of the report which stated there were 200k scheme members when this should read 107k scheme members.

Actions/ further information to be provided:

None.

Recommendations:

1. That the policy be recommended for approval to the Pension Fund Committee.
2. That this policy be reviewed on an annual basis.

8/24 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 15 DECEMBER 2023 [Item 8]**Speakers:**

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

Key points raised during the discussion:

1. The Chair of the Surrey Pension Fund Committee introduced this report and highlighted the following items:
 - a) That MySurrey had already been discussed under the Tracker item in this agenda.
 - b) That funding level was 140% which does change very rapidly with the various changes in interest rates so to be taken with a great deal of caution.
 - c) The Committee spent some time discussing ESG and responsible investments and there was a discussion on private markets which was helpful.
2. The LGPS Senior Officer reported that the Service Delivery Team had been shortlisted for Administration at the Pensions Age Awards. This was testament to the good work undertaken by the Head of Service Delivery and his team.
3. The LGPS Senior Officer also highlighted areas within the report which included:
 - a) Approval of a pass-through arrangement, which will be of interest to employer representatives on the Board. This means that when the Council lets contracts, essentially the risk is retained by the Council. The pensions risk is retained by the Council.
 - b) The Committee had requested officers to analyse the impact of divesting from the 25 largest fossil fuel companies, so there will be a piece of analysis as to the impact assessment on that.
 - c) That the Scheme was now, after the advice of an Islamic cleric, considered to be Shariah compliant.
 - d) He explained work from the Scheme Advisory Board (SAB) regarding funding levels and to look at what scope there was for changes to relationships between employers and the funds. The SAB concluded that any changes to contribution rates from employers should not be on the basis of economic factors altering funding rates. Therefore, the position of the fund is that it has the same amount of assets as before the last valuation, but it is the long term gilt yield which is driving down the discount rate. So that the value of future benefits has reduced.
 - e) The Committee also received a paper that summarised the government's response to the consultation on pooling and highlighted the following from it:
 - i. the view is that this is on a comply basis and not on a statutory requirement at the stage.
 - ii. the government expects all assets to be pooled by April 2025.
 - iii. It is expected that there will be a smaller number of pools with an optimal size of £200 billion.

- iv. It has also laid out its expectations for funds to provide in their investment strategy statement some explanation of how they will meet a 5% commitment to levelling up.
- 4. In response to a Member query about the pass-through and what happens when a contractor leaves the Scheme the LGPS Senior Officer explained that as long as a contractor had paid their contributions they simply walk away and there was no exit correction contribution.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted and there were no recommendations to be made to the Pension Fund Committee.

9/24 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 OCTOBER 2023 TO 31 DECEMBER 2023 [Item 9]

Speakers:

Tom Lewis,
Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

1. The Head of Service Delivery highlighted various aspects of this report which included:
 - a) overall performance has increased by 8% in this quarter.
 - b) at the last Board meeting concern was expressed about performance in the immediate benefits team and since then mitigating changes to the team had shown some positive results.
 - c) He had looked at the structure and vacancies to determine how best to balance the team and ensure the right resilience levels. Some vacancies had been moved around to create two additional posts within the immediate benefits team.
 - d) The customer relationship team had received a reduced number of queries in this quarter due to the Christmas period.
 - e) Unit 4 issues were still impacting the team and kudos was given to the team which had responded very well given the difficulty.
 - f) Work on GMP had been paused as the team were carrying out the final quality assurance checks on what was thought to be the data to be uploaded into the system. Concerns had been found around some of the quality of the data and the consistency in which that was being provided. The project team had continued to assess the root cause of this but were concerned about making changes to Members' pay and their pension benefits without having 100% satisfaction the data was right. Officers were looking back as early as they could at some of the data requests and what was supplied to ensure that what was requested was supplied.

In response to a Member query the Head of Service Delivery explained that he expected in the next four weeks to be in a position where a first draft of the identified issues would be available for the team to review and assess. Following that there would need to be talks with internal services and the supplier around the contractual elements. An update would be brought to the next meeting of the Board.

- g) With regard to McCloud the team sent correspondence to those who would be affected or fall within the remedy period just before Christmas. This was to alert them to the changes that will come into effect and may affect them.
 - h) The iconnect rollout continued and was a key focus. Those who had moved away from the Surrey payroll were a main priority to keep them on iconnect with their new provider. There were many employers that had been engaged as part of this project. The aim was to move all employers onto iconnect by March 2025. This would remove the need for end of year return, which was a huge one-off manual task.
 - i) Iconnect was also informing some of the digital transformation work being undertaken.
2. The Board thanked the Head of Service Delivery and his team for all the work being undertaken.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted and confirm that no recommendations were needed to the Pension Fund Committee.

10/24 RISK REGISTER UPDATE 2023/24 QUARTER 3 [Item 10]

Speakers:

Paul Titcomb, Head of Accounting & Governance
 Liam Pippard, Principal Auditor
 Tom Lewis, Head of Service Delivery

Key points raised during the discussion:

1. The Head of Accounting & Governance introduced this report and explained that there had been no material changes to the Q3 risk register. The ongoing issues with MySurrey had been well discussed and the risk score for that was maintained. There had been much activity in terms of the workforce strategy, in particular work on talent plans was progressing well, so the risk score may show a reduction in the next quarter. Also, with all the good work addressing the legacy issues, the risk score for that may also show a reduction in the next quarter.
2. In response to a request from the Chair of the Pension Fund Committee the Head of Accounting & Governance gave an update on the separation of the banking arrangements. He explained that some data upload elements of banking were still with the Council and that a project was being undertaken to understand how transfer may be progressed and that this work was very much dependent on resources. The Principal Auditor explained the audit work and opinion given so far with this, but they would not look at this again until there had been some progress, which was dependent on Unit4. He would continue to liaise with the team on when it would be appropriate for Audit to look at it again.
3. In response to a Member query on the target date for work volumes being March 2025 the Head of Service Delivery explained why it would take this time and confirmed that the target date remained as March 2025.

Actions/ further information to be provided:

None.

Recommendations:

1. That the report and the Risk Register be noted.
2. That no recommendations to the Pension Fund Committee were required.

11/24 BUSINESS CONTINUITY PLAN - INTERIM UPDATE [Item 11]**Speakers:**

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance introduced an interim update that explained how officers were working with the Council risk and resilience forum to develop a plan and undertake business impact assessments. These were taking some time because they involved reviewing and prioritising processes at quite a detailed level within the service. Work was progressing on these and the current aim remained to provide a report to the Board in May.
2. A Member asked for an explanation of what 'aggregation of contracts into a single location' meant under works in progress and what this meant for business continuity. The Head of Accounting & Governance explained that all contracts were being moved to a single database because at the moment they were sitting in various places on the networks, electronically and otherwise. This would ensure full control over the contracts.

Actions/ further information to be provided:

None.

Recommendations:

It is recommended that the Board note the report.

12/24 INTERNAL AUDIT PROGRESS REPORT FEBRUARY 2024 [Item 12]**Speakers:**

Liam Pippard, Principal Auditor

Key points raised during the discussion:

1. The Principal Auditor introduced the report and highlighted the following points:
 - a) He gave a precis of completed audits last quarter
 - b) The iConnect application control audit was now in progress and was hoped to be completed soon. The Board would receive an update at its next meeting.
 - c) The transfers-in audit for the administration review was now finalised and that would also come to the next Board meeting.
 - d) A couple of audits we're going to be carried forward to next financial year, mainly due to resourcing and allocation of priority of audits. Next year's audit plan would be brought to the Board in May.
2. A Member asked for an explanation of the difference between reasonable and substantial assurance. The Principal Auditor explained that there was no factual definition but with a substantial assurance auditors would be looking that there were no areas of risks identified that weren't controlled. With regards to reasonable assurance, auditors would see some areas where there could be some improvements to control some risks identified

but not necessarily to the point where they're detrimental to the overall process or system that's in place.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

13/24 EXTERNAL AUDIT UPDATE [Item 13]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance introduced the report and highlighted the following:
 - a) the 2022/23 audit work was well progressed. The accounts were put to the Audit & Governance Committee in January.
 - b) no material amendments to the Council or the pension accounts were anticipated at this point, and unqualified audit opinions were expected.
 - c) the pension fund accounts were now with Grant Thornton for final review.
 - d) the auditor for the 2023/24 accounts will be Ernst and Young.

Actions/ further information to be provided:

None.

Recommendations:

That the status of the External Audit work be noted.

14/24 THE PENSIONS REGULATOR - GENERAL CODE OF PRACTICE [Item 14]

Speakers:

Adele Seex – Governance Manager

Key points raised during the discussion:

1. The Governance Manager introduced a report and highlighted the following points:
 - a) That the Pension Regulator has published the proposed General Code of Practice which replaced the Code of Practice 14 for Public Sector Pension Schemes and brought together ten previous TPR codes into one single code.
 - b) The code was laid before Parliament on the 10 January 2024 and was expected to come into force on the 27 March 2024. The code was made-up of 51 modules and gap analysis work was currently being undertaken to ensure compliance.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

15/24 THE PENSIONS REGULATOR - SCHEME RETURN [Item 15]

Speakers:

Adele Seex – Governance Manager

Key points raised during the discussion:

1. The Governance Manager introduced a report and highlighted the following points:
 - a) the annual scheme return to the Pension Regulator was submitted on the 8 January.
 - b) a copy of the return had been circulated to Members of the Board.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

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

Speakers:

Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:

There was no discussion on the update paper, but the Chair stated that there was a lot of information in it for Member to read and to note.

Actions/ further information to be provided:

None.

Recommendations:

That the report be noted.

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

It was noted that the next meeting was scheduled for 17 May 2024.

Meeting ended at: 11.58 am

Chairman

This page is intentionally left blank

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 17 MAY 2024

**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.

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

This page is intentionally left blank

Glossary

FOR SURREY LOCAL PENSION BOARD REPORTS
& SURREY PENSION FUND COMMITTEE

Surrey Pension Team



Providing our customers with
a better tomorrow

Glossary

Explanation of Abbreviations and Acronyms

The following is a list of abbreviations and acronyms that have occurred in reports to the Surrey Local Pension Board or Surrey Pension Fund Committee, It is not intended to be an exhaustive list of those used throughout the Surrey Pension Fund, however it will be reviewed prior each Meeting and updated should new examples occur.

Definition - A to Z

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#)
[K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#)
[U](#) V [W](#) X Y Z

Index Definition

A [Back to Index](#)

AAF	Audit and Assurance Faculty
ABS	Annual Benefit Statement
ACGA	Asian Corporate Governance Association
ACS	Authorised Contractual Scheme, the collective investment scheme used by Border to Coast for asset pooling
AI	Artificial intelligence
AICPA	American Institute of Certified Public Accountants
AIFM	Alternative Investment Fund Manager
APR	Annual Percentage Rate

ARE	Asia Research Engagements
ASB	Accounting Standards Board: UK body that sets accounting standards. A subsidiary body of the Financial Reporting Council
AUM	Assets Under Management
AVC	Additional Voluntary Contributions
B	Back to Index
B of E	Bank of England
BAU	Business as usual
BBB	British Business Bank
BCE	Benefit Crystallisation Events
BCP	Business Continuity Plan
BCPP	Border to Coast Pensions Partnership
BIA	Business Impact Assessments
C	Back to Index
CARE	Career Average Revalued Earnings
CAY	Compensatory Added Years
CBRE	Coldwell Banker Richard Ellis
CCB	China Construction Bank
CDP	Climate Disclosure Projects
CETV	Cash Equivalent Transfer Value
CI	Continuous Improvements
CIO	Chief Investment Officer
CIPFA	The Chartered Institute of Public Finance and Accountancy

CLG	Communities and Local Government (former name of MHCLG)
CMA	Competition and Markets Authority
COD	Contracted Out Deduction
COO	Chief Operating Officer
COP	Conference of Parties, A UN conference on climate change
CPI	Consumer Price Index
CRC	Compliance and Reporting Committee
CRT	Customer Relationship Team
CRR	Council Risk and Resilience Forum
CSR	Corporate Social Responsibility, a term under which companies report their social, environmental, and ethical performance

D [Back to Index](#)

DAA	Dynamic Asset Allocation
DCU	Deferred choice underpin
DGF	Diversified Growth Fund
DLUHC	Department for Levelling up, Housing and Communities
DWP	Department for Work and Pensions

E [Back to Index](#)

ECB	European Central Bank
ELT	Extended Leadership Team
EM	Emerging Markets
EMEA	Europe, The Middle East & Africa
EMT	Emergency Management Team

ESG	Environmental, Social and Governance – factors in assessing an investments sustainability
ESOG	Effective System of Governance
EU	European Union
EY	Ernst and Young
F	<u>Back to Index</u>
FAIRR	Farm Animal Investment Risk and Return
FED	Federal Reserve
FCA	Financial Conduct Authority
FOI	Freedom of Information
FRC	Financial Reporting Council
FSS	Funding Strategy Statement
FTA	FTSE Actuaries UK Gilts Index Series
FTSE	Financial Times Stock Exchange
FX	Foreign Exchange
G	<u>Back to Index</u>
GAAP	Generally Accepted Accounting Practice
GAD	Government Actuary’s Department
GDP	Gross Domestic Product
GEM	Global Emerging Markets
GMP	Guaranteed Minimum Pension
GRESB	Global ESG Benchmark for Real Assets

H [Back to Index](#)

HMRC His Majesty's Revenue and Customs

HMT His Majesty's Treasury

I [Back to Index](#)

IAASB International Auditing and Assurance Standards Board

ICARA Internal Capital and Risk Assessment

ICGN International Corporate Governance Network

IDRP Internal Dispute Resolution Procedure

IFAC International Federation of Accountants

IIGCC Institutional Investor Group on Climate Change

INFRA. Infrastructure

IPDD Investor Policy Dialogue on Deforestation

IRR Internal Rate of Return

ISAE3402 The International Standard on Assurance Engagements (ISAE) number 3402 supersedes SAS70, "Assurance Reports on Controls at a Service Organisation", was introduced in December 2009 by the International Auditing and Assurance Standards Board (IAASB), which is part of the International Federation of Accountants (IFAC).

ISSB International Sustainability Standards Board

ISS Investment Strategy Statement

ISP integrated service providers

J [Back to Index](#)

JC Joint Committee

K [Back to Index](#)

KOSPI Korea Composite Stock Price Index

KPIs Key Performance Indicators

KRX Korea Exchange

L [Back to Index](#)

LAC Lifetime Allowance Charge

LAEF Lifetime Allowance Enhancement Factor

LAPFF Local Authority Pension Fund Forum

LGA Local Government Association

LGE Local Government Employers

LGIM Legal and General Investment Management

LGPS Local Government Pension Scheme

LIBOR London Inter Bank Offered Rate, a benchmark interest rate at which global banks lend to one another

LOLA Local Government Pension (LGPS) Scheme Online Learning Academy

LPB Local Pension Board

LSA Lump Sum Allowance

LSDBA Lump Sum and Death Benefit Allowance

LSE London Stock Exchange

LTA Lifetime Allowance

M [Back to Index](#)

MAC Multi Asset Credit

MaPS Money and Pensions Service

MHCLG	Ministry of Housing, Communities and Local Government
MI	Management Information
MSCI	Formerly Morgan Stanley Capital International, publisher of global indexes
N	<u>Back to Index</u>
NED	Non-Executive Director
NRA	Normal Retirement Age
NT	Northern Trust, Global Custodian
O	<u>Back to Index</u>
OECD	Organisation for Economic Co-operation and Development
OOG	Officer Operations Group
ORA	Own Risk Assessment
OTA	Overseas Transfer Allowance
P	<u>Back to Index</u>
PASA	Pension Administration Standards Association
PCLS	Pension Commencement Lump Sum
PDP	Pensions Dashboard Programme
PF	Pension Fund
PFC	Pension Fund Committee
PLSA	Pensions and Lifetime Savings Association
PMI	Purchasing Managers' Index
PRI	The UN-supported Principles for Responsible Investment
PSLT	Pension Senior Leadership Team

PSPS	Public Service Pension Scheme
Q	Back to Index
QROPS	Qualifying Recognised Overseas Pension Schemes
R	Back to Index
RBCE	Relevant Benefit Crystallisation Events
RI	Responsible Investment
RPI	Retail Price Index
S	Back to Index
S&P	Standard and Poors, ratings agency and provider of equity indices
S151	An officer with responsibilities under s151 of the Local Government Act 1972.
SAB	Scheme Advisory Board
SAS70	Statement on Auditing Standards (SAS) No. 70 – relating to service organisation control reports – successor reports include information about a service organisation’s controls and risk management procedures relating to financial reporting (SSAE16/ISAE3402) or to security, availability, processing integrity, confidentiality and privacy (SOC2)
SCC	Surrey County Council
SCAPE	Superannuation Contributions Adjusted for Past Experience
SDG	Sustainable Development Goals
SEC	Security and Exchange Commission
SLA	Service Level Agreements
SLA	Standard Lifetime Allowance
SILB	Sterling Index Linked Bonds

SOC2	System and Organisation Controls type 2 - SOC 2, aka Service Organization Control Type 2, is a cybersecurity compliance framework developed by the American Institute of Certified Public Accountants (AICPA). The primary purpose of SOC 2 is to ensure that third-party service providers store and process client data in a secure manner.
SONIA	Sterling Over Night Index Average, the overnight interest rate paid by banks
SPA	State Pension Age
SPT	Surrey Pension Team
SSA16	SSAE 16, or the Statement on Standards for Attestation Engagements No. 16, is a set of auditing standards and guidance on using the standards published by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) for redefining and updating how service companies report on compliance control
T	Back to Index
TCFD	Taskforce on Climate Related Financial Disclosures
TPO	The Pension Ombudsman
tPR	The Pensions Regulator
TPAS	The Pension Advisory Service (formerly OPAS)
TPS	Teachers' Pension Scheme
TV	Transfer Value
U	Back to Index
UFPLS	Uncrystallised Funds Pension Lump Sum
UN SDGs	United Nations Sustainable Development Goals
W	Back to Index
WBA	World Benchmarking Alliance

WCA Web Content Accessibility
WDI Workforce Disclosure Initiative

Accounting Terms

Definition - A to Z

A B C D E F G H I J
K L M N O P Q R S T
U V W X Y Z

A [Back to Accounting Definitions](#)

Accounting Period

The length of time covered by the accounts. In the case of these accounts, it is the year from 1 April to 31 March.

Accrual Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Accrued Expense

Expenses that have been incurred but not yet paid.

Accrued Revenues

Revenues that have been earned but not yet received.

Actuarial Gains and Losses

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Actuarial Valuation

A three yearly valuation of the Fund undertaken by the Actuary to ensure that the Pension Fund is sufficiently well managed and that its assets meet its liabilities. Employer contribution rates are set as part of the valuation process.

Actuary

A professionally qualified independent person appointed by the administering authority in order to value the Pension Fund and therefore set contribution rates.

Amortisation

A measure of the cost of economic benefits derived from intangible assets that are consumed during the period.

Asset

Any resource owned by an entity that has economic value and is expected to provide future benefits.

Audit

An independent examination of an organisation's financial statements and related operations to ensure accuracy and compliance with applicable laws and regulations.

B Back to Accounting Definitions

Balance Sheet

A financial statement that shows an organisation's assets, liabilities, and equity at a specific point in time.

Balances

These represent the accumulated surplus of revenue income over expenditure.

Book Value

The value of an asset as it appears on the balance sheet, calculated as the asset's original cost minus accumulated depreciation.

Budget

An expression, mainly in financial terms, of the Authority's intended income and expenditure to carry out its objectives.

C Back to Accounting Definitions

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance Capital expenditure. The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital

Financial assets or the financial value of assets such as cash, equipment, and property.

Capital Expenditure

Payments for the acquisition, construction, enhancement, or replacement of non-current assets that will be of use or benefit to the Authority in providing its services for more than one year.

Cash Equivalents

Short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Cash Flow Statement

A financial statement that shows the cash inflows and outflows from operating, investing, and financing activities.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in public services.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

Creditors

Amounts owed by the Authority for work done, goods received, or services rendered, for which payment has not been made at the balance sheet date.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

D Back to Accounting Definitions

Debit

An entry that represents an increase in assets and a decrease in liabilities or equity. It represents the ownership interest.

Debtors

Amounts due to the Authority that have not been received at the balance sheet date.

Depreciation

The measure of the consumption, wearing out or other reduction in the useful economic life of non-current assets that has been consumed in the period.

E [Back to Accounting Definitions](#)

Employee Benefits

Amounts due to employees including salaries, paid annual leave, paid sick leave, and bonuses. These also include the cost of employer's national insurance contributions paid on these benefits, and the cost of post-employment benefits, i.e. pensions.

Equity

The residual interest in the assets of an entity after deducting liabilities. It represents the ownership interest.

Expected Rate of Return on Pensions Assets

The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

F [Back to Accounting Definitions](#)

Fair Value

The amount for which an asset could be exchanged, or a liability settled, in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy and Inputs

In measuring fair value of assets and liabilities, the valuation technique used is categorised according to the extent of observable data that is available to estimate the fair value – this is known as the fair value hierarchy. Observable inputs refers to publicly available information about actual transactions and events in the market. Unobservable inputs are used where no market data is available and are developed using the best information available. The fair value hierarchy has three levels of inputs: Level 1: Quoted prices for identical items in an active market – i.e. the actual price for which the asset or liability is sold; Level 2: Other significant observable inputs – i.e. actual prices for which similar assets or liabilities have been sold; Level 3: Unobservable inputs – i.e. where market data is not available and other information is used in order to arrive at a best estimate of fair value.

Financial Accounting

The branch of accounting focused on recording summarizing and reporting an organisations financial transactions to external users.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

Financial Ratios

Metrics used to evaluate a company's financial performance and Liquidity such as current ratio, debt to equity ratio, and return on equity.

G [Back to Accounting Definitions](#)

General Fund

The main revenue fund of the Authority which is used to meet the cost of services paid for from the Pension Fund for which the Authority is the administering authority.

General Ledger

A complete record of all financial transactions of a business organised by accounts.

Goodwill

The excess of the purchase price of a business over the fair value of its identifiable assets and liabilities.

I [Back to Accounting Definitions](#)

Income Statement

A financial statement that shows an organisation revenues, expenses and net income or loss over a specific period.

Intangible Assets

Assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software and licences.

Interest Cost

For defined benefit pension schemes, the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

J [Back to Accounting Definitions](#)

Journal Entry

The recording of a financial transaction in the accounting system.

Journal

The record where all financial transactions are initially recorded before they are posted to ledger accounts.

L [Back to Accounting Definitions](#)

Leasing

A method of acquiring the use of capital assets for a specified period for which a rental charge is paid.

Liability

An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are those that are payable within one year of the balance sheet date.

N [Back to Accounting Definitions](#)

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

Non-Current Asset

An item that yields benefit to the Authority for a period of more than one year.

O [Back to Accounting Definitions](#)

Operating Expenses

Expenses incurred in the ordinary course of business such as rent, salaries and utilities.

Overhead

The indirect costs of running a business such as administrative expense and utilities.

P [Back to Accounting Definitions](#)

Past Service Cost

Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

Prepaid Expenses

Expenses paid in advance which will be recognised as expense in future accounting periods.

R [Back to Accounting Definitions](#)

Reserves

The residual interest in the assets of the Authority after deducting all of its liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an

authority is not able to utilise to provide services. They hold timing differences between expenditure being incurred and its financing e.g. Capital Adjustment Account.

Retained Earnings

The cumulative earnings of a company that have not been distributed to shareholders as dividends.

Revenue Expenditure

Spending incurred on the day-to-day running of the Authority. This mainly includes employee costs and general running expenses.

S [Back to Accounting Definitions](#)

Statement of Retained Earnings

A financial statement that shows the changes in retained earnings over a specific period, including net income, dividends and prior period adjustments.

T [Back to Accounting Definitions](#)

Tax Accounting

The branch of accounting focused on calculating and managing taxes owed by an organisation to governmental agencies.

Trial Balance

A list of all the account balances in the ledger to check the accuracy of the debits and credits

U [Back to Accounting Definitions](#)

Useful Economic Life

The period over which the Authority expects to derive benefit from non-current assets.

W [Back to Accounting Definitions](#)

Write off

The difference between current assets and current liabilities representing the short-term financial health of a business.

Working Capital

The difference between current assets and current liabilities, representing the short-term financial health of a business.

Further definitions A- Z glossary of pension terms and abbreviations and what they mean can be found on the [Surrey Pension website](#)

SURREY LOCAL PENSION BOARD ACTIONS AND RECOMMENDATIONS TRACKER

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

KEY			
	No Progress Reported	Action In Progress	Action Completed

Date of meeting and reference	Item	Recommendations/Actions	To	By When	Response	Progress
27 July 2015 A1/15	Knowledge and understanding	Board Members to advise the Governance Manager when training is completed.	Board Members	N/A	There are notifications of completed training outstanding, and the Board are asked to advise the Governance Manager once completed. The training log is regularly updated.	Ongoing
28 July 2023 2/23	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
10 November 2023 55/23	Risk Register Update	That the Chairmen of the Board and Committee meet with the Director of Corporate Finance & Commercial along with the LGPS Senior Officer to discuss escalation of the MySurrey issues.	Assistant Director – LGPS Senior Officer	N/A	Meeting taken place on 25 January to discuss the implementation of My Surrey. Another meeting is scheduled for 15 February.	Ongoing

Date of meeting and reference	Item	Recommendations/Actions	To	By When	Response	Progress
10 November 2023 56/23	Administration Performance Report	That communication and actions needed around challenges to overpayments be included as part of the GMP project plan.	Head of Service Delivery	N/A	Add communication to affected scheme members as an action item to the GMP Project plan. Update provided in Item 9 Administration Performance Report Update – 16 February 2024	Ongoing
16 February 1/24	Action Tracker, Workplan and Glossary	1. That a full update be brought to the next Pension Fund Committee and Pension Board regarding the MySurrey issues and progress with academies.	Head of Service Delivery & Head of Accounting and Governance	N/A	Update report in Agenda pack for LPB 17/5/2024	Complete
16 February 1/24	Action Tracker, Workplan and Glossary	That the glossary includes acronyms relating to the pension fund accounts (e.g. IFRS or GAP).	Head of Accounting and Governance	17 May 2024	Update a glossary for use with all reports for Local Pension Board and Pension Fund Committee	Complete

COMPLETED (Will be deleted from tracker for next meeting)

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

Local Pension Board : Forward Plan

Annexe 3

Date	Accounting & Governance	Investment & Stewardship	Change Management	Service Delivery
<i>a) Surrey Pension Team Overview – Dashboard update</i>				
Standing Items for each Meeting	<i>a) Pension Committee including Border to Coast update (Summary paper)</i>		<i>a) Legacy Update (inc in Administration update and performance report)</i>	
	<i>a) Glossary, Action tracker, Forward plan a) Risk Register b) Internal audit update c) External 2022/23 Audit update d) LGPS – Background Report</i>		<i>a) Change Programme Update</i>	<i>a) Administration update and performance report:</i>
17 May 2024	Unit 4 - MySurrey			
	<i>a) Business Continuity Report b) Cyber Security</i>		<i>a) Training Policy (inc in Pension Committee Summary)</i>	
28 July 2024	Unit 4 - MySurrey			
	<i>a) Annual Report update b) Actuarial update including retender c) Business Continuity Report update d) External audit update</i>			<i>a) Administration strategy - draft</i>
15 Nov 2024	<i>a) Annual Report update b) General Code review c) Actuarial update including tender outcome and 2025 valuation planning d) External audit update</i>			<i>a) Administration strategy - final</i>

- All items are subject to review and changes in content.

This page is intentionally left blank

SURREY COUNTY COUNCIL**SURREY LOCAL PENSION BOARD****DATE: 17 MAY 2024****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 22 MARCH 2024****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 contents of this report and make recommendations to the Pension Fund Committee if appropriate.

REASON FOR RECOMMENDATIONS:**Background**

The Committee met on 22 March 2024. This report provides a summary of this meeting and decisions made.

DETAILS**Forward Plan**

1. The Assistant Director, LGPS Senior Officer highlighted item 5, [Annexe 3](#) (h- 21 June 2024 and f 13 September) in the forward plan. It is intended to bring to the Committee on 21 June 2024 a report to agree the scope and process for reviewing the Investment Beliefs of the Committee. Then on 13 September 2024 a report to consider findings of the Investment Beliefs review. This may be subject to change, following the prospective announcement of the date for the General Election and availability of Members to attend a workshop.
2. In order to produce the document to be considered and reviewed on investment beliefs, Committee Members will be asked to attend a workshop, to agree the scope. This will include consideration of fiduciary duty and to understand the relationship with Border to Coast and how they play into the strategy for the Surrey Pension Fund. This will help ensure that decisions of the Committee are consistent with the beliefs of the Committee.

Second Year of Strategic Plan for the Surrey Pension Team

3. The Committee reviewed and considered the second year of the Strategic Plan for the Surrey Pension Team. The Committee agreed the Strategic plan as detailed in [Annexe1](#).

Change Programme update – Quarter three

4. The Head of Change Management introduced a summary of activity for the period October – December 2023. This included the Dashboard, which following continued progress on the Workforce Strategy, showed an increase in the metrics on people and strategy. The refresh of the member website, launched in January was noted.
5. A Member of the Committee asked for an update on the Banking Controls. The Head of Accounting Governance confirmed we are establishing the best way the Finance Pension team can upload the data from the bank account into MySurrey (Unit 4). This is a process the Finance Pension Team are not currently undertaking due to system limitations but is being completed by Surrey County Council's finance staff on behalf of the Surrey Pension Team.
6. The Assistant Director, LGPS Senior Officer, provided an overview of the investigation of alternative arrangements for Board and Committee training and development as detailed in [Annexe 2](#). The Committee agreed the proposal to trial a two day residential training for all Board and Committee members to take place on 23 and 24 October 2024.

Communications Policy Statement 2024/25

7. The Committee reviewed the Pension Fund Communication Policy statement [Annexe 1](#) and was asked to approve the policy on an annual basis.

Training Policy 2024/25

8. The Committee reviewed the Training Policy 2024/25 [Annexe 1](#) which covers training for the Board and Committee, along with officers. The main change to the document is the inclusion of the delivery of residential training for Board and Committee members. The Committee approved the policy.

Summary of the Surrey Local Pension Board Report

9. The Board report provided a summary of administration and governance issues reviewed at its last meeting on 16 February 2024.
10. The Chair of the Board highlighted the continued issues with the implementation of MySurrey (Unit4). Substantial progress has been made and a number of meetings have taken place to address various issues. The last meeting was on 15 March, and another meeting is scheduled before the end of March, to ensure the end of financial year commitments are on track.

11. The Chair of the Committee highlighted substantial improvements in the level of performance of Service Delivery, and progress made with the backlogs, which are currently ahead of schedule.
12. A Member of the Committee asked if the issues with payroll and MySurrey (Unit4) were relevant to the Pension Fund. The Head of Service Delivery responded by confirming there has been an impact on the Pension Team, with delays in the data coming from Surrey County Council's payroll. Manual work arounds are in place to meet the requirements of paying pensioners their benefits. Work continues in collaboration with the payroll team to resolve the issues.

Surrey Local Pension Board-Terms of Reference

13. The Committee was provided with a report that summarised the proposed amendments to the Terms of Reference. Attention was drawn to [Annexe 1](#), section 4.2 concerning amendment of the member representatives – replacing the requirement for one GMB nominated representative and one Unison nominated representative with two union nominated representatives. This will enable more flexibility to recruit more effectively to the vacant member position. The Committee approved the changes.

Budget 2024/25

14. The Head of Accounting and Governance introduced the budget for 2024/25 as detailed in [Annexe 1](#). The budget provides a framework for understanding the cost base of the Pension Fund Service. The main costs revolve around staff and associated expenditure.
15. The aim is to monitor actual results against this initial budget during the coming year to understand where the outturn for various line items differs from our original high-level assumptions. The Committee approved the budget.

Investment Manager Performance and Asset /Liabilities Update

16. The Committee noted the main findings of the report in relation to the Fund's valuation and funding level, performance returns and asset allocation.
17. The Head of Investment and Stewardship highlighted the required return on assets to be fully funded has gone up from 4.3% to 4.5% since the valuation. In terms of the Fund's performance this was a strong quarter for all asset classes.
18. The impact of the use of a global listed equity benchmark when considering short term private markets performance was highlighted to the Committee in paragraphs 20-24. In a response to a request at the last Committee [Annexe 1](#) provides the sector split for the equity portfolios.
19. The Committee were advised about the funding of Capital Calls, which currently use the Listed Alternatives Fund from Border to Coast (now reduced

to around £100 million). Going forward, Capital Calls may also be met by using Newton assets with some of the liquidity held with Legal and General

Company Engagement & Voting Update

20. The Committee received a report detailing Environmental Social and Governance (ESG) engagement by Local Authority Pension Fund Forum (LAPFF) and Robeco, along with details of voting by the Fund for the quarter ending 31 December 2023.

Asset Class Focus- Credit Markets

21. As part of good governance, the Committee periodically reviews the performance of the Funds' investments. This quarter a report was received by the Committee on credit markets. The Committee noted the Fund's credit market holdings, respective funds' investment performance and reviewed the report from the Fund's independent investment adviser.
22. A member of the Committee asked about an underlying investment that, despite the exclusion policies which BCPP has, would appear to invest in Athabasca tar sands oil extraction.
23. In response BCPP confirmed that the fund does not have direct exposure and that there are criteria concerning thresholds for activity that determine ownership, either directly or through third party managers. As this investment did not relate to the credit market review, the Chair agreed for BCPP to investigate as to whether there is indirect exposure.
24. In response to the advice given by the Fund's Independent Investment Advisor, ESG, risk and investment execution within the Multi-Asset Credit fund should be picked up as part of a three-year review.

Responsible Investment Update

25. Following the approval of the Fund's Responsible Investment policy (RI) it was agreed that the Fund should apply to become a signatory of the UK Stewardship Code. The committee were asked to note the draft Stewardship code application in [Annexe 1](#) and agreed to delegate to the chair final approval of the application for the Fund to become a signatory of the UK Stewardship Code.

LGPS Update (Background Paper)

26. The Assistant Director, LGPS Senior Officer highlighted the recently published General Code. The Committee noted the report providing the update of recent developments in the Local Government Association (LGPS).

New Investment Propositions

27. Members of the Committee considered two new investment propositions for inclusion in the Fund's Portfolio. The report identified two funds developed by

BCPP – in UK real estate and UK opportunities. The committee approved the commitment to the UK Opportunities fund and noted the development of the UK Real Estate fund.

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

28. The Committee received an update from the Assistant Director, LGPS Senior Officer, asking the Committee to note the shareholder approval of the Border to Coast Strategic Plan 2024-27.

CONSULTATION:

29. The Chair of the Board and Committee have been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

32. 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

33. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

34. There are no equality or diversity issues.

OTHER IMPLICATIONS

35. There are no other implications.

WHAT HAPPENS NEXT

36. The following next steps are planned:

- a) Further updates will be provided to the Board at its next meeting on 26 July 2024.

Contact Officer: Adele Seex – Governance Manager

Annexes: None

Sources/Background papers:

1. [Surrey Pension Fund Committee Forward Plan Annexe 3 – PFC 22/03/2024.](#)
2. [2024/25 Strategic Plan Update Annexe 1 – PFC 22/03/2024](#)
3. [Board and Committee Residential Training Annexe 1 – PFC 22/03/2024.](#)
4. [Communication Policy Statement 2024/25 – PFC 22/03/2024 – Annexe 1.](#)
5. [Training Policy Annexe 1 – PFC 22/03/2024](#)
6. [Surrey Local Pension Board Terms of Reference Annexe1 – PFC 22/03/2024](#)
7. [2024/25 Budget Annexe 1 – PFC 22/03/2024.](#)
8. [Investment Manager Performance and Asset /Liabilities Update Annexe 1 – PFC 22/03.2024](#)
9. [UK Stewardship Code Report Annexe 1– PFC 22/03/2024](#)

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD



DATE: 17 MAY 2024

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

SUBJECT: SURREY PENSION TEAM OVERVIEW – QUARTER 4

SUMMARY OF ISSUE:

This paper is being presented for the first time. The intention is to give an overview of the entire service at a macro level in order to set the context for the following micro level reports from each area. The One Pensions Team Dashboard is the primary vehicle for providing this overview. Now that the dashboard is “business as usual” as opposed to “in development” it is appropriate to give it a central role in the pension service update rather than have it contained in the Change Management report. The dashboard covers the period January – March 2024.

Please note that as the dashboard contains metrics which are rolled up to macro level there will be subtle differences within service level reports which deconstruct these metrics to baseline level.

RECOMMENDATIONS:

It is recommended that the Local Pension Board (Board):

1. Notes the content of this report.

REASON FOR RECOMMENDATIONS

To provide an update to the Local Pension Board (Board) and stakeholders on the macro Surrey Pension Team activities.

DETAILS:

1. The dashboard can be viewed on slide 2 of Annexe 1.
2. Across the Board we are doing well, and our Key Performance Indicators (KPI's) have maintained or improved in nearly all areas. In this iteration of the dashboard, there are 3 items which are below our desired target:
 - Investment – Fund Performance
 - People - Retention
 - Service Delivery – Transfers Paid

3. Some of the fund performance figures are still slightly below benchmark but as previously reported these are not of concern and are reflective of normal fluctuations.
4. Our retention metric has decreased since last time. The change represents 3 people leaving out of 72 (permanent employees) and is within normal attrition rates.
5. The Service Delivery figures show an increase in two out of the three focus areas and most KPI figures are now consistently within or close to target. There was a decrease in Transfers Paid. There were only 8 cases in total reflected in this reports KPI calculation, with 2 missing the target. At the previous reporting this metric was above target so at this point there is no further action, and we will await the next iteration to determine if further action is required.
6. The Legacy Reduction is also progressing well for both Accounting and Governance and Service Delivery.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

8. There are no risk management implications.

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 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

11. . There are no legal implications.

EQUALITIES AND DIVERSITY

12. There are no equality or diversity issues.

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

14. Quarter 1 report will be released for your next meeting.

Contact Officer:
Nicole Russell, Head of Change Management
Consulted: Chair of the Board

Annexes:

1. Pensions Team Dashboard and Metrics Glossary– Annexe 1

Sources/background papers: None

This page is intentionally left blank

Surrey Pension Team Dashboard Metrics Glossary

1 April 2024

Surrey Pension Team Dashboard



Page 50

Last Update 01/04/2024 ?

Service Delivery

% Within SLA

Grants & Surv..	85.8%	▲
Retirements..	96.3%	▲
Transfers Paid	81.5%	▼

Target Adherence

8.0%	Above last KPI
10.3%	Above last KPI
-9.0%	Less than previo..

Data Score

Common Data Score	96.0%	No Change	◆
Scheme Specific	98.0%	No Change	◆

Pass Rate Adherence

1st Point Fix

85.0%

Last Update 31/12/2023 ?

Fund Performance

Fund Value

£5.56bn

Funding Level

130%

	3 Month	Rolling 1 Year Fund Performance	Rolling 3 Year Fund Performance
Fund Performance	4.7%	9.3%	4.6%
Performance Relative to Benchmark	-0.6%	-2.7%	-1.4%
Strategic Target Return	5.0%		

Last Update 01/04/2024 ?

People

Retention	95.8%	▼	-4.2%
Health & Wellbeing	82.0%	▲	1.7%
Diversity	80.8%	▲	0.7%
Engagement	73.9%	▲	2.1%

Last Update 28/02/2024 ?

Accounting and Governance

Internal Audit Ratings

Substantial	<div style="width: 100%; height: 10px; background-color: gray;"></div>	1	4 Not yet started
Reasonable	<div style="width: 100%; height: 10px; background-color: green;"></div>	1	
Partial	<div style="width: 10%; height: 10px; background-color: gray;"></div>	0	
Minimal	<div style="width: 10%; height: 10px; background-color: gray;"></div>	0	
No Opinion	<div style="width: 100%; height: 10px; background-color: gray;"></div>	1	

Admission Agreements

New Agreements	8
Pending	27

Contributions

Contributions In	£56.60m
Contributions Out	£60.90m

Last Update 08/04/2024 ?

Legacy Reduction

Accounting & Governance

35.0%

Service Delivery

63.0%

Last Update 05/01/2024 ?

Strategy

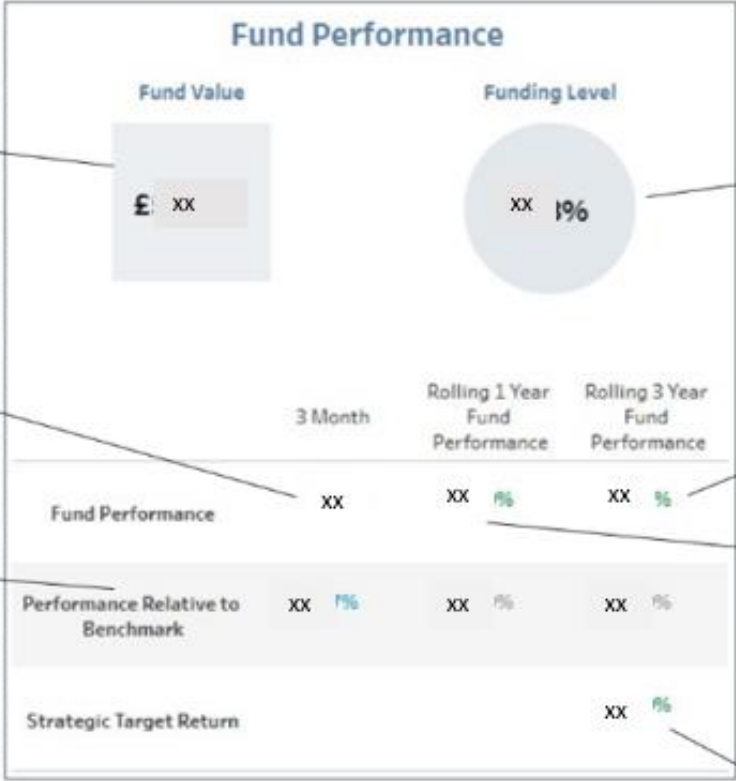
Strategic Levers	72.6%	▲	1.7%
Strategic Enablers	70.8%	▲	2.0%

Metrics Glossary

Fund Performance



Value of the pension fund up to the most recent quarterly update.



Compares Fund Value to Funds required to meet obligations (pay members)
100% + = Able to cover obligations

Measure of the previous quarter's fund performance percentage.

Measures a rolling 3-year fund performance percentage rate.

Indicates percentage difference between actual performance and the benchmark performance percentage

Measures a rolling 1-year fund performance percentage rate.

The Strategic target for return measured over a rolling 3-year period.

Update Frequency:
Quarterly: All Measures

Metrics Glossary



Accounting and Governance

Substantial is the highest rating available for internal audit, followed by Reasonable, Partial and then Minimal.

No Opinion indicates further audit work required to produce rating.

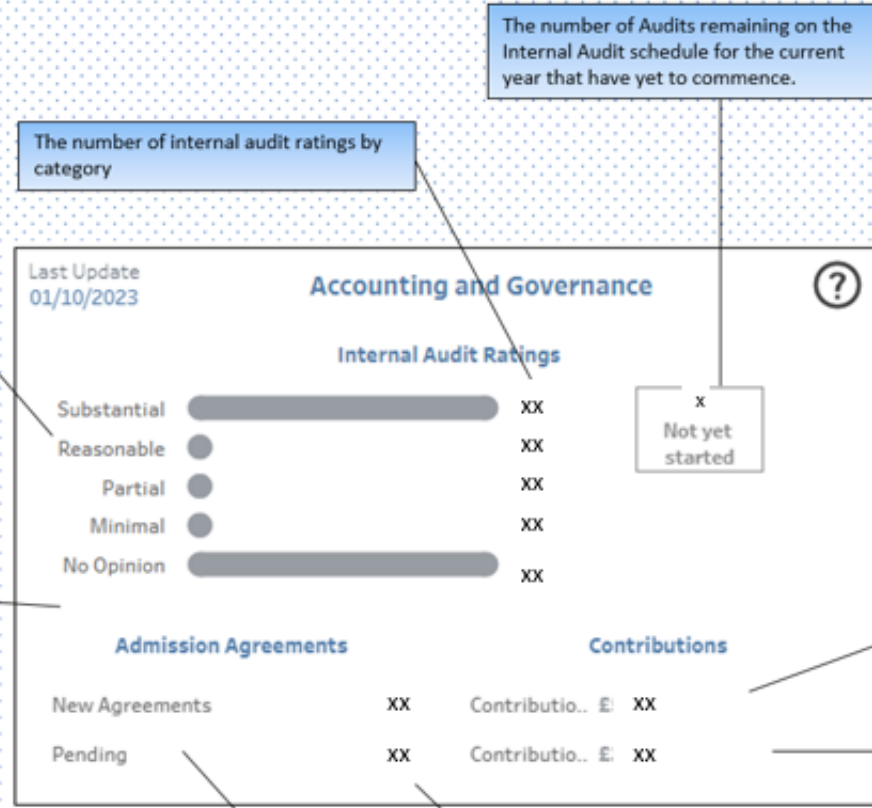
Target is to have ratings fall within the Substantial & Reasonable categories.

Admission Agreements facilitate the joining of an Admission Body to the fund, a company performing certain functions for a scheme employer, and as a result of this is eligible to join the pension scheme.

Agreements are required to go through a signing & sealing process, the majority of which requiring wet-ink signatures until recently where an E-Signature & Sealing process was introduced. With the involvement of several parties, this made for a cumbersome exercise and has created a backlog of agreements to process. With the new electronic process, this has sped-up processing times.

Update Frequency:

- Quarterly: Admission Agreements; Contributions
- Annually: External Audit
- Quarterly: Internal Audit Ratings



The number of internal audit ratings by category

The number of Audits remaining on the Internal Audit schedule for the current year that have yet to commence.

Contributions In = Receipts from members paying into the pension fund

Contributions Out = Money paid to retired members of the pension fund

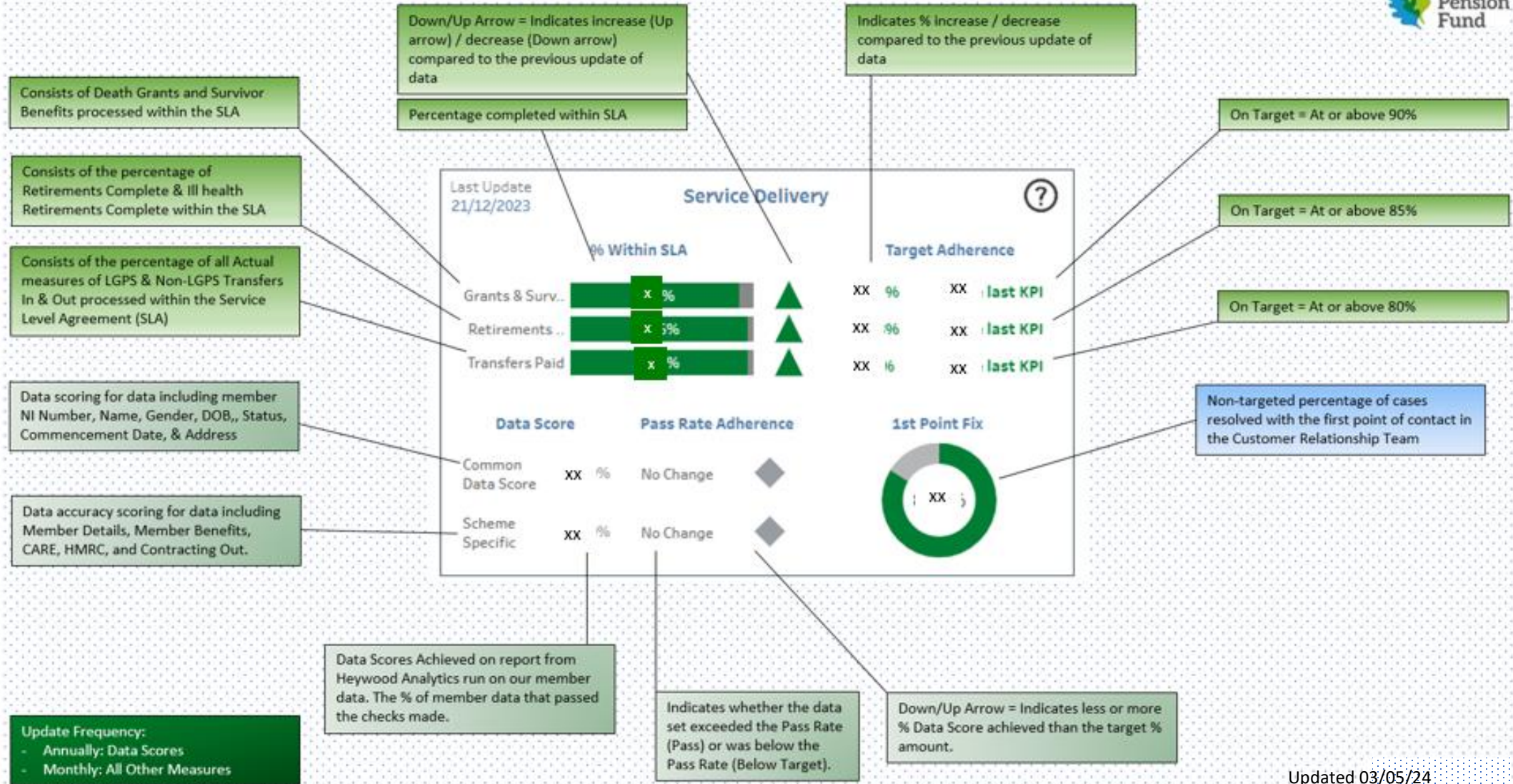
The number of Admission Agreements Pending processing, and the number of Admission Agreements that have been added to the queue since the last update

The goal is to reduce the number of agreements pending processing.

Metrics Glossary



Service Delivery



Metrics Glossary

Legacy Reduction



Key project defined on Surrey Pension Fund strategic plan to reduce legacy backlog to Business As Usual levels
Both the Accounting & Governance and Service Delivery departments have legacy backlogs to reduce within the scope of this project.

Percentage reduction of Accounting & Governance legacy cases to date



Percentage reduction of Service Delivery legacy cases to date

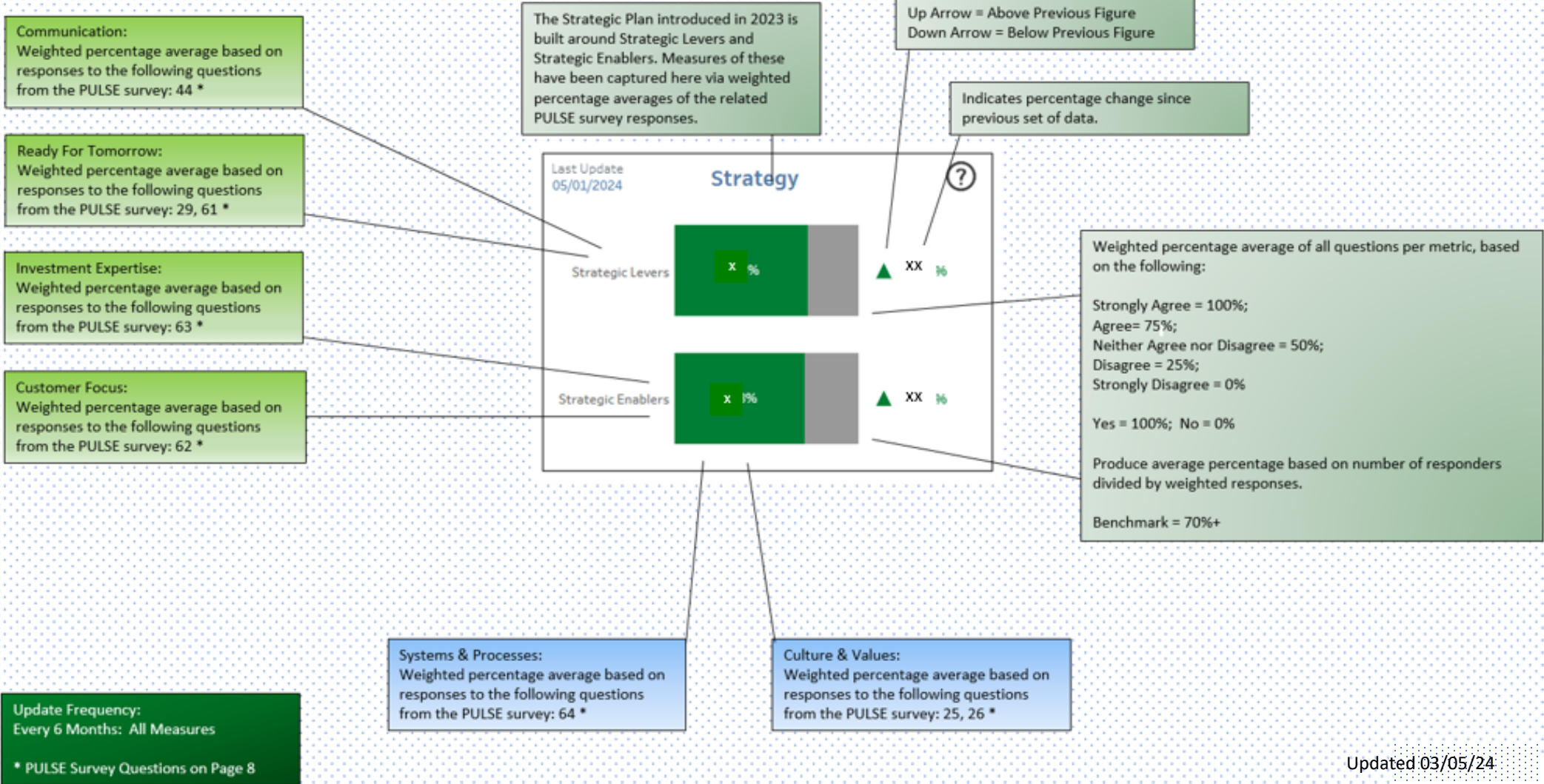
Update Frequency:
Monthly: Percentage Progress

Updated 03/05/24

Metrics Glossary



Strategy



Metrics Glossary



People

The retention rate is based on the headcount of permanent staff within the Surrey Pension Team. Benchmark = 90%

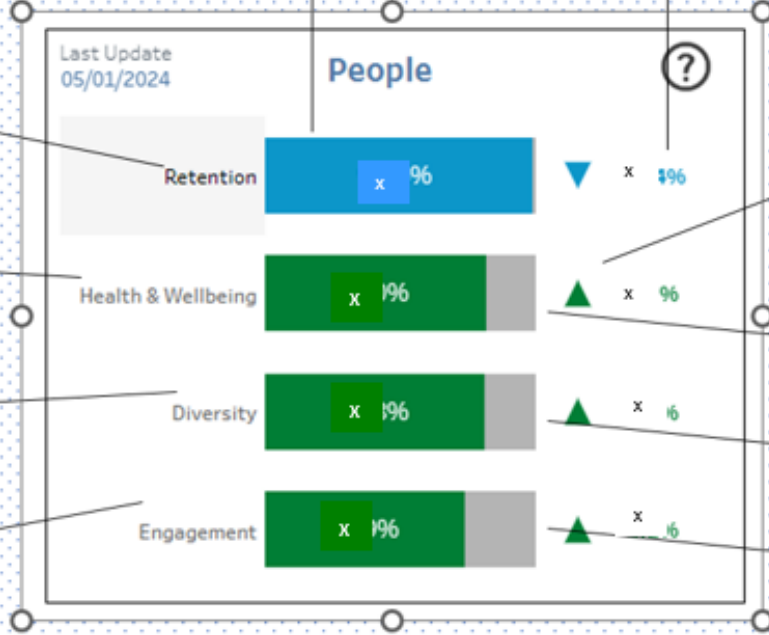
Indicates percentage change since previous set of data.

Employee retention rate for the most recent quarter.

Weighted percentage average based on responses to the following questions from the PULSE survey: 32, 34, 35, 36 *

Weighted percentage average based on responses to the following questions from the PULSE survey: 37, 38, 39, 40 *

Weighted percentage average based on responses to the following questions from the PULSE survey: 11, 12, 16, & 31 *



Up Arrow = Above Previous Figure
Down Arrow = Below Previous Figure

Weighted percentage average of all questions per metric, based on the following:
 Strongly Agree = 100%;
 Agree = 75%;
 Neither Agree nor Disagree = 50%;
 Disagree = 25%;
 Strongly Disagree = 0%
 Yes = 100%; No = 0%
 Produce average percentage based on number of responders divided by weighted responses.
 Benchmark = 70%+

Update Frequency:
 Every 6 Months: PULSE Survey Measures
 Quarterly: Retention

* PULSE Questions listed on Page 6

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD



DATE: 17 MAY 2024

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

SUBJECT: CHANGE PROGRAMME UPDATE – QUARTER 4

SUMMARY OF ISSUE:

This paper details the Change Team Quarterly Report of activity for the period January – March 2024.

RECOMMENDATIONS:

It is recommended that the Local Pension Board (Board):

1. Notes the content of this report.

REASON FOR RECOMMENDATIONS

To provide an update to the Local Pension Board (Board) and stakeholders on the Change Management team activities.

DETAILS:

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

Item	Number	Details
	i	<p>Communications</p> <p>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 continued to implement the first stages of our Amplifying our Presence plan.</p> <p>Our refreshed member website (www.surreypensionfund.org) launched on 31 January 2024.</p> <p>The Board & Committee survey on how Members want to be communicated with closed on 31 March. Key findings were that Members were happy to continue with Neil's weekly updates and that more was to be done in order to promote the Governance SharePoint.</p> <p>During this period, Surrey Pension Team were shortlisted for the Pension Scheme of the</p>

Item	Number	Details
		Year - Professional Pensions UK Pension Award and Pension Administration - Pension Age Awards 2024.
ii	Learning & Development	<p>Results from the Pulse survey which took place in December were analysed to measure progress in key areas of our workforce strategy and to identify areas for further improvement.</p> <p>Lunch and Learn sessions were presented on Motivation and Cyber Security, the latter of which was to address an Internal Audit requirement.</p> <p>The training team also launched a new training course covering Annual Allowance. We socialised plans for alternative Board & Committee training with the Chairs and Vice-Chairs; following on from this, we have incorporated this into our training policy and progressed plans by identifying a suitable date and venue and we have been developing a detailed agenda.</p>
iii	Project Management	<p>The Continuous Improvement (CI) Project Manager is currently managing 17 projects. Since the last report 2 projects have commenced. All projects are currently on track.</p> <p>We anticipate being able to close, or move to business as usual, 8 of the 17 projects by our next update.</p>
iv	Transformation	<p>The Digital Design team have completed their discovery work within Surrey Pension Team (SPT). Their findings are currently being worked into a Digital Transformation Roadmap.</p> <p>The Year 2 strategic plan has been approved and is available to view on our website. Work on evolving the culture of the SPT has started with a series of informal chats with a wide cross-section of staff. Early stages of designing initial interventions for this and building the capability of the extended leadership team will cascade from this.</p>

CONSULTATION:

2. The Chair of the 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. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

5. The Director 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

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 Change Management will be working on a number of areas including the following highlights:
 - a) Designing our Digital Transformation roadmap.
 - b) Preparing a communication on our governance ideas to share with stakeholders.
 - c) Further developing the Board & Committee training proposal.
 - d) Researching and preparing for the implementation of the new trainee programme.
 - e) Launching the third Pulse Survey.
 - f) Alignment on the Culture strategy for SPT.

Contact Officer:
Nicole Russell, Head of Change Management
Consulted: Chair of the Board

Annexes: None

Sources/background papers: None

This page is intentionally left blank

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD



DATE: 17 MAY 2024

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

**SUBJECT: ADMINISTRATION PERFORMANCE REPORT AND UPDATE
1 JANUARY TO 31 MARCH 2024**

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

Performance

3. The performance levels in this period have achieved an overall score of 88%, which is the same level as the previous quarter.
4. On the whole casework is meeting the baseline target, with the performance in processing transfers remaining consistent. The processing of retirement cases has stabilised in this quarter and letters of notification are generally being issued within 24 hours of Surrey Pensions being informed of a member's death.
5. There are still areas where improvements are required with death benefits and ill health retirement cases falling below the expected standards. These are being investigated and will formulate part of the process improvement plans.
6. **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**. The estimated days of effort in the last column for this quarter continues to remain low, a bi-product of the legacy case reduction.
7. Additional information has also been supplied within **Annexe 3** that presents a summary of the most common categories of cases being terminated.

Complaints

8. During this period there were 6 complaints received. Details of these complaints can be found at **Annexe 4**.

Internal Dispute Resolution Procedure (IDRP) and Pension Ombudsman Cases

9. **Stage 1 appeals determined:**

One appeal was determined in this period.

A member held four periods of consecutive LGPS membership administered by Surrey Pensions Team and experienced delays in receiving information about the options available for combining the membership. The appeal was upheld.

10. **Stage 2 appeals determined:**

A member experienced a delay in receiving an estimate of their pension benefits after being awarded a Tier 1 ill health pension. This was as a result of the pension team not being provided with information in a timely manner by the employer. The appeal was upheld and compensation offered.

Pension Ombudsman appeals

No new Pensions Ombudsman appeals were received in this period.

Update on Log of Breaches (potential breaches)

11. There are no breaches to report this period.

Customer Relationship Team (CRT)

12. In quarter three, the CRT managed a total of 9,764 inquiries. At the initial point of contact, an average of 87% of all enquiries were successfully resolved. The queries managed by the CRT during this period are grouped into the following categories:

Communication Channel	Volume
Call backs	79
Telephone	4729
Email	4956
Total	9, 764

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

Guaranteed Minimum Pension (GMP)

14. After a decision was taken to postpone the delivery of this work prior to pension increase, allowing the opportunity to better understand the issues that have arisen, it was agreed further investigations were needed to ascertain the next course of action.

15. At this stage the investigations have not yet been concluded. The project continues to gather this information that will allow a view to be taken on the main cause of this delay. The officers working on this project have prioritised pension increase and McCloud implementation in recent weeks.

16. It is expected the investigations will conclude in May once the project group has been able to review the findings and determine next steps.

McCloud

17. The administration software has now been upgraded in the test environment to the latest version, which ensures the regulatory changes are fully implemented where necessary.

18. The testing of this software will be carried out in May and June, with a view to this being moved into the live environment and fully operational from the end of June.

19. Work continues on cleansing the data supplied by employers, with the expected final data due to be issued by ITM at the end of April. This will allow data to be either uploaded to the database and/or returned to employers to provide additional information.

20. With the system set up correctly and the data held within the system, it will allow any remediation work to be carried out over the next year in time for issuing the ABS with the McCloud data included.

Monthly Employer Returns (iConnect) rollout

21. As of the 31st March 2024, 72 employers (21%) have been onboarded, which represents 54% of the active membership.
22. There are a further 114 employers expected to be onboarded as part of the year end process, taking the number to 186 (54%), and they will submit the March 2024 iConnect file in place of the traditional annual file. This will represent 70% of the total active membership.
23. It is planned within Q1 of the 2024/25 tax year a further 104 employers will be live on iConnect, with Surrey Police being one of the first from April 2024.

Legacy Case Reduction

24. As at the 1st April 2024 the legacy reduction progress stands at 63% complete, with 7802 cases completed and circa' 4500 remaining. The progress levels are as following:
 - a. Deferred cases - 88%.
 - b. Refunds (generated by legacy case work) - 99%
 - c. Transfer In case - 18%
 - d. Transfer Out cases - 48%
 - e. Aggregations - 14%
25. With the decision taken to carry out all legacy work in house, focussed training has been carried out on specific case types, with clear guidance notes being developed as part of this. The proposed order of work for phase 2 is as follows:
 - a. Transfer in quotes
 - b. Transfer out quotes
 - c. Outstanding and incoming transfer in/out actuals
 - d. Private transfer in/out quotes
 - e. Post 14 concurrent cases
 - f. Pre 14 concurrent case

Pension Administration System / Process Developments

26. As part of the digital transformation planning, this area is currently under review to further align these improvements with the wider vision and mission.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

30. 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

31. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

32. There are no equality or diversity issues.

OTHER IMPLICATIONS

33. There are no other implications.

WHAT HAPPENS NEXT

34. 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

This page is intentionally left blank

KPI Performance: Jan - Mar 2024

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%	98%	5	328	334	3	8	1
SURVIVOR'S PENSIONS (tPR)	10 working days	90%	85%	10	89	88	14	7	10
DEATH BENEFITS PAYABLE (tPR)	10 working days	90%	72%	25	61	54	27	11	30
BALANCE OF PAYMENTS (tPR)	10 working days	90%	88%	54	279	256	78	13	18
RETIREMENT (COMPLETE) (tPR)	15 working days	85%	85%	275	531	540	227	63	25
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	15 working days	90%	92%	3	8	12	0	1	0
REFUNDS (tPR)	20 working days	80%	99%	171	692	755	75	227	6
RETIREMENT (INITIAL NOTIFICATION)	15 working days	80%	91%	265	742	650	324	164	30
ILL HEALTH RETIREMENT (INITIAL)	15 working days	90%	67%	9	7	9	5	4	33
DEFERRED STATUS	40 working days	80%	90%	699	677	933	327	275	21
EMPLOYER ESTIMATE	10 working days	80%	72%	9	59	46	18	16	23
LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	93%	196	517	508	151	226	18
NON-LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	100%	7	23	18	9	8	30
LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	99%	69	277	271	64	52	14
NON-LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	96%	22	48	49	14	14	17
LGPS TRANSFER IN (ACTUAL)	20 working days	80%	83%	233	584	581	321	132	33
NON-LGPS TRANSFER IN (ACTUAL)	20 working days	80%	100%	19	33	34	17	5	30
LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	90%	107	209	197	98	44	30
NON-LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	77%	10	22	22	4	14	11
NEW STARTER	30 working days	80%			874	874			
TOTAL CASE NUMBERS			88%	2,188	6,060	6,231	1,776	1,284	

Summary

Improvement work has stabilised the retirements process and this is now back at target.

Survivor's pensions has also stabilised, but slightly below target, we will be reviewing this process to ensure it is being applied consistently.

An issue has been identified in Death Benefits, where multiple payments are handled in a single case, this is being investigated to identify how to report on these payments separately

A new employer estimate process was trialled in the quarter and 82 estimates provided in bulk to support a restructuring exercise.

The Death Notification process is now working effectively with notifications sent out within one day on average.

This page is intentionally left blank

Performance Trend Analysis

Case Type	KPI Performance Comparison				Future Workload Time Comparison			
	2023/24				2023/24			
	Q1 % completed within SLA	Q2 % completed within SLA	Q3 % completed within SLA	Q4 % completed within SLA	Q1 Future Workload	Q2 Future Workload	Q3 Future Workload	Q4 Future Workload
DEATH NOTIFICATION (tPR)	92%	78%	84%	98%	0.5 days	1 day	1 day	1 day
SURVIVOR'S PENSIONS (tPR)	69%	75%	82%	85%	20 days	10 days	6 days	10 days
DEATH BENEFITS PAYABLE (tPR)	79%	79%	79%	72%	25 days	24 days	24 days	30 days
BALANCE OF PAYMENTS (tPR)	86%	88%	86%	88%	16 days	14 days	19 days	18 days
RETIREMENT (COMPLETE) (tPR)	79%	74%	76%	85%	52 days	40 days	29 days	25 days
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	94%	43%	75%	92%	15 days	24 days	15 days	0 days
REFUNDS (tPR)	96%	98%	99%	99%	15 days	7 days	9 days	6 days
RETIREMENT (INITIAL NOTIFICATION)	83%	77%	92%	91%	44 days	33 days	18 days	30 days
ILL HEALTH RETIREMENT (INITIAL)	70%	60%	76%	67%	69 days	23 days	26 days	33 days
DEFERRED STATUS	89%	64%	93%	90%	212 days	10 months	41 days	21 days
EMPLOYER ESTIMATE	71%	51%	65%	72%	41 days	16 days	7 days	23 days
LGPS TRANSFER IN (ESTIMATE)	86%	89%	97%	93%	122 days	81 days	19 days	18 days
NON-LGPS TRANSFER IN (ESTIMATE)	100%	100%	100%	100%	210 days	215 days	26 days	30 days
LGPS TRANSFER OUT (ESTIMATE)	89%	93%	98%	99%	69 days	24 days	15 days	14 days
NON-LGPS TRANSFER OUT (ESTIMATE)	90%	100%	98%	96%	125 days	62 days	24 days	17 days
LGPS TRANSFER IN (ACTUAL)	94%	85%	94%	83%	110 days	60 days	23 days	33 days
NON-LGPS TRANSFER IN (ACTUAL)	60%	84%	97%	100%	71 days	60 days	38 days	30 days
LGPS TRANSFER OUT (ACTUAL)	75%	78%	91%	90%	168 days	36 days	41 days	30 days
NON-LGPS TRANSFER OUT (ACTUAL)	90%	100%	90%	77%	20 days	41 days	32 days	11 days
Average Score	84%	80%	88%	88%				

KPI Table Key

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

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	275
Refunds	227
LGPS Transfer In (Estimate)	226
Retirement (Initial Notification)	164
LGPS Transfer In (Actual)	132
Retirement Complete	63
LGPS Transfer Out (Estimate)	52

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

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

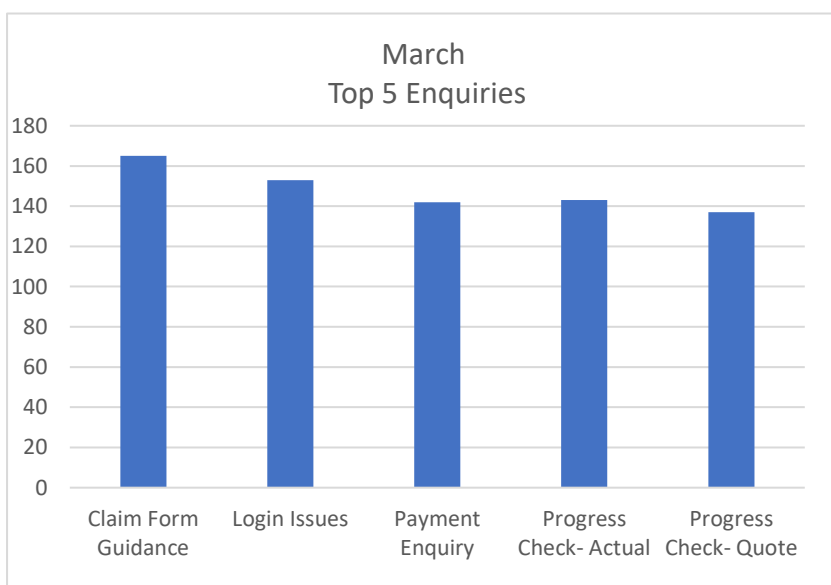
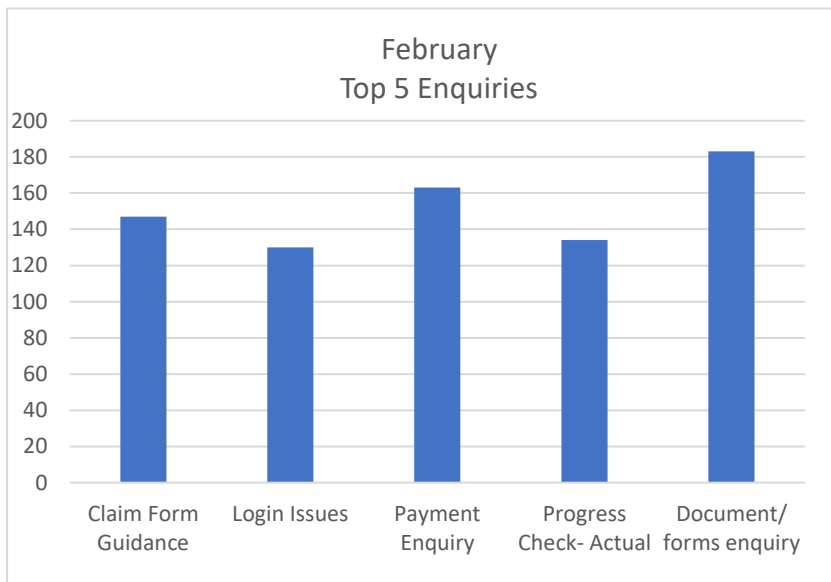
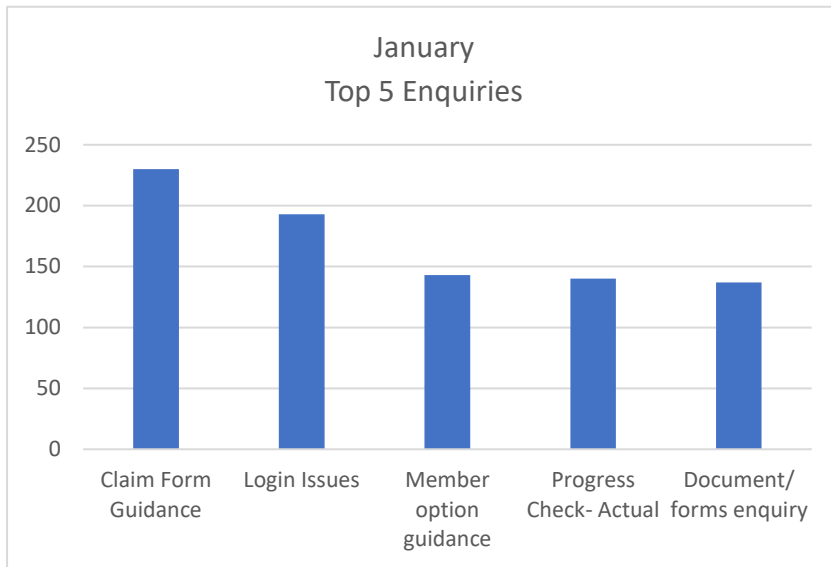
Categorisation change on review	<p>Most commonly due to the member requiring an aggregation, concurrent or a transfer (or vice versa) rather than initial set-up as Deferred or Refund.</p> <p>This is the same for concurrent cases, whereby the record may actually require deferring or a transfer.</p>
Categorisation change on transition from estimate to actual	<p>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).</p> <p>Other causes are whereby a member has returned their forms to the incorrect authority. The case is then closed, and the member is notified.</p>
Categorisation change on requirement for processing	<p>Noted as Retirement Notifications – most commonly due to the member actually requiring an estimate at this stage.</p>

This page is intentionally left blank

Annex – Complaints from January to March 2024			
Case number	Date Received	Root Cause	Details of Complaint
SUR865847	13/01/2024	Poor Communication	<p>The delay in paying the members' pensions was attributed to ongoing intricate enquiries with the employer concerning fraud within the school. Despite our active engagement with the employer, it was determined that the matter primarily pertained to the relationship between the employer and the employee, and the SPF could have opted to proceed sooner.</p> <p>Resolution Date: 26/01/2024 Agreed Actions: Advice/Information Given</p>
SUR292446	16/02/2024	Service Quality / Delivery	<p>Complaint raised due to perceived delays to providing information about an AVC transfer to another pension provider (Fidelity Int). During an email exchange CRT asked for the members NI & DOB to be confirmed before information could be given, which prompted a frustrated response from the member and Fidelity Int.</p> <p>Complaint raised as it was deemed that we were preventing the transfer being completed which was in breach of FCA rules.</p> <p>Complaint not upheld. Apology issued for unnecessary request for members personal details via email. However, there was no evidence that SPT were preventing the transfer to breach FCA rules.</p> <p>Resolution Date: 29 Feb 2024 Agreed Actions: Apology</p>
SUR815129	28/02/2024	Poor Communication	<p>The member expressed a desire to reduce their hours but had concerns stemming from a TUPE conversion, feeling that they were not provided with the complete information.</p> <p>Advice and an apology have been given in response to their concerns. We have assured them that regular updates will be provided to ensure transparency and address any further queries or uncertainties they may have.</p> <p>Resolution Date: 08 March 2024 Agreed Actions: Advice/Information Given</p>
SUR668228	04/03/2024	Poor Communication	<p>Delays in consolidating benefits, providing a consolidated statement, and transferring assets to Hounslow. Additionally, efforts to obtain a response to her IDRPs were pursued.</p> <p>The transfer to Hounslow was escalated. A comprehensive breakdown of contributions and pensionable pay across the member's four records was provided.</p> <p>Discussion with Technical team regarding the IDRPs response was undertaken.</p>

			Resolution Date: 15 Mar 2024 Agreed Actions: Apology
SUR731894	28/02/2024	Poor Communication	This relates to a Tax code being applied to a new pension setup The complaint is justified as we could have picked up on a tax code issue and the date we were notified for HMRC to correct the position sooner. Confirmed the process and how HMRC apply tax codes via RTI. Resolution Date: 22 Mar 2024 Agreed Actions: Apology
SUR510899	08/03/2024	Poor Communication	This was around the delay in returning the original POA Resolved by contacting the member directly to confirm they has now received the document. Feedback to CRT on the initial contact. Resolution Date: 21 Mar 2024 Agreed Actions: Apology

Top 5 Customer Enquires



This page is intentionally left blank

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD



DATE: 17 MAY 2024

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

SUBJECT: RISK REGISTER UPDATE 2023/24 QUARTER 4

SUMMARY OF ISSUE:

This report considers changes made to the Risk Register for the Surrey Pension Team during Quarter 4 of 2023/24.

RECOMMENDATIONS:

The Board is recommended to:

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

REASON FOR RECOMMENDATIONS:

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Manager in securing compliance with the Local Government Pension Scheme (LGPS) Regulations and requirements imposed by the Pensions Regulator. This report provides the Board with insight into the activities of the Surrey pension function and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

DETAILS:

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.

Changes to risk scores in this quarter

4. Following review, the risk scores have been reduced in two areas, while not reducing or diluting the focus of the team on making progress.

Risk	Skills / knowledge gaps lead to inefficiency and poor performance	Work volume mismatch with operational capacity leading to backlogs
Risk ID	9	11
Score	16 → 9	16 → 9
Comment	Progress on workforce and talent plans has reduced 'major' and 'likely' scores.	Legacy issues have been highlighted as a result of recent improvement focus. Backlogs are receiving attention and being addressed.
Residual risk	Remains a risk –with some potential single points of failure within the organisational structure to be addressed.	Remains a risk pending full resolution of legacy issues.

5. The ongoing issues previously reported relating to Unit4/MySurrey financial system implemented in June 2023 remain an area of significant focus – and the risk score is unchanged (see below).

Top risk area commentary

6. Commentary is provided below on the risk area in the risk register with the highest combined likelihood and impact score. Annexe 2 provides further detail.

Risk	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss
Risk ID	16
Score	16
Comment	Ongoing issues with MySurrey – Engagement with project team continues. Consequential issues from ongoing payroll interface challenges continue.
Residual risk	Remains a risk pending progress on resolution of issues

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.

Contact Officers:

Siva Sanmugarajah

Risk & Compliance Manager

Consulted:

Local Pension Board Chair

Annexes:

Risk Register (April 2024) – Annexe 1

Financial System Implementation Update – Annexe 2

Sources/background papers:

None.

This page is intentionally left blank

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

Pension Team Risk Summary

April 2024

Risk ID	Risk Title	Risk Owner	Risk with current mitigation controls in place		Overall Score	Curr q mvt
			Likelihood (1-5)	Impact (1-5)		
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	16	
5	Investment strategy and proposed implementation materially affects investment performance	I&S	3	4	12	
6	Investment returns impacted by market volatility/ performance	I&S	3	4	12	
7	Investment returns impacted by third party or counter party performance/default	I&S	3	4	12	
13	Scheme is financially or reputationally impacted by failure to adhere to (changes in) regulatory and legislative compliance requirements	SD	3	4	12	
14	Reputational issues due to inaccurate public domain information (external stakeholder relationships / comms) or inefficient service	A&G	3	4	12	
9	Skills / knowledge gaps lead to inefficiency and poor performance	SD	3	3	9	↓
11	Work volume mismatch with operational capacity leading to backlogs	SD	3	3	9	↓
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	A&G	2	2	4	

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

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
1	Employers unable/unwilling to make payments	A&G - Funding	1A	C5-1	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond.	Insufficient funding	A&G	2	4	8	TREAT/TOLERATE 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers implemented as part of 2022 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis. 7) Required standard of data from employers		
		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, including to regulatory changes, leads to underperformance and reputational damage.	I&S	1	4	4	TREAT- 1) The Fund has established its own Responsible Investment policy and engaged with the equity managers on implementation. 2) Fund managers are chosen on the basis that all material ESG factors are integrated into their investment decision-making processes. This requires teams to be well resourced and aware of regulatory changes, as with any other investment factor. 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 investee companies. 4) The Fund has approved a new share voting policy which reflects global best practice and accepted the BCPP voting policy. 5) The Fund accepted the BCPP Responsible Investment Policy after enhancement were made to it following lobbying from the Fund. 6) The Fund has a dedicated Responsible Investment sub-committee and an RI up-date is a standing item in Committee meetings. 7) The Fund engages with ESG lobbying groups such as Surrey Pensions Act Now. 8) Actuarial modelling undertaken (climate change impacts on longevity outcomes in prospect). 9)The Fund has set a Net Zero date of 2050 or sooner.	1) The RI policy will be reviewed annually, as will the investment universe regarding the Net Zero date. 2) The Fund is applying to become a signatory to the UK Stewardship Code.	
		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) See 4A above. 2) The Fund voluntarily produces a Task Force on Climate-Related Financial Disclosures, TCFD report each year. Continued review of the carbon exposure within the portfolio. 3) The Fund is part of the BCPP TCFD working party. 4) All global systematically managed equity assets now held in the LGIM Future World Index. This fund takes 32 ESG factors into account in determining its structure. 5) The Fund is diversified across asset classes and within asset classes. 6) Performance reviewed quarterly by the Committee and an annual asset class review carried out by the Independent Advisor for all assets.		
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 central and local government bodies, BCPP Operating Officers Group, consultants, peers, seminars, conferences. 2) Officers and advisors engage in design and planning of new products. Implementation monitored against agreed deadlines. 3) Participation in Cross Pool Collaboration Groups. 4) Government guidance continues to endorse pooling.	1) Governance and oversight of BCPP currently being reviewed by the partner funds.	
		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) Vigilance and continued dialogue with managers as to events on and over the horizon. 2) An investment strategy involving portfolio diversification and risk control. Taking advice from advisors. 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) Diversification across 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. Sensitivity analysis carried out. 4) The actuarial assumptions and funding ratio measures considered at every Committee meeting. 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).	
		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 on excess funds placed with Money Market	Loss of investment return	A&G	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.	I&S	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		8A	C5-5	Inaccurate cash flow forecasts or drawdown payments	Shortfalls on cash levels and borrowing becomes necessary to ensure that funds are available.	A&G	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) Annual Cash flow analysis undertaken by Actuary. 4) Source of funds from investments identified. Income received from BCPP Multi-Asset credit fund and CBRE. 5) Pension Team banking controls under review		
9	Skills / knowledge gaps lead to inefficiency and poor performance	Service Delivery	9A		Lack of capability of the admin system	Inefficiency and disruption.	SD	3	3	9	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-25
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.		

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	3	3	9	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 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	Mar-25
		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 plan is in development. The first stage in the process of constructing a Business Impact Assessment (BIA) using critical activities for the service has been completed and agreed in principle by the Heads of Teams and the Assistant Director (LGPS Senior Officer). However, a validation exercise based around IT systems needs to be completed by Surrey Pension Team facilitated by the Emergency Management and Resilience Team using 3 different scenarios that have to be worked through. This will lead to Stage 2 of the process of compiling a Pension specific business continuity plan.	Jul-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 when developed. 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.	Cyber Security Internal Audit completed and an audit recommendation of providing training to staff in this area was completed in March 2024. However, compiling a register of contracts with third parties along with contract management framework arrangements including their cyber security arrangements and business continuity plans are work in progress at present.	Jul-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 the secure sending of data to external service providers. 2) Phasing out of holding records via paper files. 3) Any hardcopy pension admin records are locked daily in a secure place. 4) SCC IT data security policy adhered to. 5) SCC carries out Security Risk Assessments. 6) Custodian proactively and reactively identifies and responds to cyber threats.		

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
13	Scheme is financially or reputationally impacted by failure to adhere to (changes in) regulatory and legislative compliance requirements	Service Delivery	13A	C4-1	Non-compliance with regulation changes relating to the pension scheme or data protection	Fines, penalties and damage to reputation.	SD	3	4	12	TREAT 1) There are generally good internal controls with regard to the management of the fund. These controls are assessed on an annual basis by internal and external audit as well as council officers. 2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches. 3) Ensure processes are completed in a timely manner and that post 2014 refunds are paid within 5 years.		
		Service Delivery	13B		Failure to identify GMP liability	Data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund					TREAT 1) GMP to be closely monitored by the management board. 2) Stage 1 reconciliation reviews have been completed. 3) Mercer have been appointed to carry out an interim stage 2 review 4) GMP Reconciliation project is being progressed by Mercer (formerly JLT). 5) Separate updates being issued.		
		Service Delivery	13C		Additional resources required to deal with consequences of McCloud judgement	Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund					TOLERATE/TREAT 1) The Pension Fund Team can allocate additional funds / resources to mitigate the impact and avoid reputational damage. 2) The proposed remedy will require additional resource and members who have already left will be prioritised.		
		A&G - Funding	13D		Additional resources required to deal with consequences of McCloud judgement; additional costs required to pay higher benefits	Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund; possible impact on employers with additional contributions required					TOLERATE / TREAT - 1) Depending on DLUCh's response to the ruling, the actuary may reconsider the funding position, the investment advisers may reposition assets to compensate and the Service Delivery Team may need more resource but ultimately, it is likely to have an impact on employers' contribution rates.		
		A&G - Technical	13E	C4-1 & C4-3	Failure to comply with changes in LGPS and/or HMRC regulations (including any changes related to particular employer participation)	Incorrect benefits and ongoing costs for the pension fund; possible impact on employers with additional contributions required					TREAT / TOLERATE- 1) Impact on contributions and cashflows are subject to annual review by the Actuary. 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-25

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.	2024/25 training plans in progress	Mar-25
		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. Possible impact on year-end (March 2024) processing if payroll interfaces are not adequately progressed in time.	A&G	4	4	16	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.		

This page is intentionally left blank

Financial System Update

The new financial system for Surrey County Council was implemented in early June 2023. As with any large-scale change there have been a number of teething problems as the new system beds in.

1	Delayed processing remains a risk	Delayed processing remains a risk, due primarily to ongoing access or configuration issues.
2	Risk register impact risk score remains unchanged	<p>A risk noted in the risk register is that implementation of new financial systems leads to delayed processing, data integrity issues or financial loss.</p> <p>While there is still some work to do on several configuration elements and reporting, the risk score has remained unchanged.</p>
3	Several configuration and data population issues were experienced post go live	Several data population and access availability issues followed the initial go live date and process backlogs built up as initial issues were addressed and the teams gained familiarisation with the new system.
4	Many elements have been addressed...	The initial focus was on ensuring HR and payroll related elements were functional. This included e.g. transfer of leave balances and salary payments to staff.
3	...but issues remain	Payroll related pension issues have been ongoing for some time. We are still awaiting long-term resolution of leaver notification processes – this is a material issue and needs payroll action to rectify. Pension officers have been instrumental in pushing for a solution to this.
4	We have some ongoing financial issues	<p>System and user access remains an issue – Pension team are liaising with SCC Finance to resolve.</p> <p>Breakdowns are required from Surrey County Council to accurately allocate contributions. These have not yet been provided. Several payroll reports are under development which may assist.</p> <p>General report creation remains an issue – target resolution date to be advised.</p> <p>Invoice processing workarounds to be more fully resolved.</p>

5 **Service Delivery feeling the impact but seeking resolution to mitigate issues**

Work continues to obtain the necessary information required including key items such as new starter information, change of details and full leaver information.

There has been a series of discrepancies corrected between January and March 2024 in the MySurrey system, ensuring contribution collection levels are accurately reflected. As of April 2024, the focus has moved to the reconfiguration of how pension contributions are being calculated, before returning to correcting any further data discrepancies.

There are still several work items to be completed including the build of the leaver data extract (which supports members taking their benefits) and, the iConnect report is entering its final development stage. Unfortunately, both have missed the agreed completion dates, however resource continues to be provided by SCC to find a resolution. These delays have been factored into key plans such as ABS production and the level of impact this is having continues to be monitored as part of the joint working group.

To support members taking their benefits, the process is still in place whereby Service Delivery will calculate the pension using the latest data we hold where possible, with a view to recalculate once the revised data is received.

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD



DATE: 17 MAY 2024

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

SUBJECT: BUSINESS CONTINUITY PLAN – PROGRESS UPDATE

SUMMARY OF ISSUE:

This report outlines progress on establishing a pension fund specific Business Continuity Plan.

RECOMMENDATIONS:

The Board is recommended to:

1. **Note** the content of this report.

REASON FOR RECOMMENDATIONS:

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

DETAILS:

Background

1. As previously reported, Surrey County Council's Emergency Management and Resilience Team (EMRT) is supporting the Surrey Pension Team to develop a Surrey pension specific business continuity plan. This is being done in 2 stages, namely Stage 1 is completion of Business Impact Assessments (BIA) of critical activities of Surrey Pension Team (SPT) and Stage 2 is the validation of BIA and compilation of the business continuity plan (BCP).
2. The Surrey Pension Team is represented in the Council's Risk and Resilience Forum (CRRF) which is co-ordinated and operated by the EMRT. The CRRF meets quarterly to provide updates and advice to services and in return the services lodge their up-to-date risk registers and BCPs with EMRT.

Work undertaken to date

3. The Board was provided in November 2023 with a proposed timetable shown below for the production of Pension specific BCP. This has been reviewed and will now look to be progressed by July 2024 pending completion of the required work detailed in paragraphs 4, 5 and 6.

Q3 2023/24	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).
Q4 2023/24	Review of contracts for required business continuity arrangements. Establish matrix of dependencies. Draft pension specific Business Continuity Plan.
May 2024	Board review of pension specific Cyber Security arrangements and Business Continuity Plan.

4. The aggregation of contracts for Pensions to be in a single location has been challenging and progressing slower than expected. Some strategic contracts have been prioritised for review to determine the robustness of arrangements currently in place. Ongoing MySurrey issues have also impacted the establishment of a full matrix of dependencies.
5. In the meantime, the BIA template has been completed with known internal activities and some external activities using the BIA guidance document. Contributions have been received from a number of team leaders/managers. The initial validation exercise of the BIA is expected to be performed using the information technology (IT) systems in SPT in due course. This will identify any gaps in resilience with regard to IT systems and inform the next steps that need to be taken.
6. Further work as outlined above will inform the actions that need to be taken including any further validation to be performed. All of these actions will inform the areas that need to be improved before a definitive Surrey pension specific BCP is completed and tested if required before lodging with the EMRT. As noted, the revised aim is now to establish a tested BCP by July 2024 on the basis of completing the work outlined above.

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 Board will receive a further progress report at its meeting in July 2024.

Contact Officers:

Siva Sanmugarajah

Risk & Compliance Manager

Consulted:

Local Pension Board Chair

Annexes:

None

Sources/background papers:

None.

This page is intentionally left blank

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 17 MAY 2024

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

SUBJECT: UPDATE ON CYBER SECURITY



SUMMARY OF ISSUE:

This report considers the ongoing Cyber Security work in the Surrey Pension Team.

RECOMMENDATIONS:

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

REASON FOR RECOMMENDATIONS:

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Manager in securing compliance with the Local Government Pension Scheme (LGPS) Regulations and requirements imposed by the Pensions Regulator. This report provides the Board with insight into the activities of the Surrey pension function and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

DETAILS:

Introduction

1. The Local Pension Board has been receiving periodic updates regarding Cyber Security arrangements in the Surrey Pension Team. Cyber security is highly dependent on several third parties and the comprehensive review of the contractual arrangements with these organisations is ongoing.

Summary

2. Following the internal audit review of cyber security – which provided a Reasonable Assurance rating – it was determined that further training of officers was warranted.
3. A formal training session was designed and made mandatory for all of the Surrey Pension Team. This training session was delivered via a live webinar on 20 March 2024, with the recording made available to those who could not attend. The material covered several areas.
 - a) To define what is meant by cyber security and cyber risk
 - b) To consider the requirements of The Pension Regulator
 - c) To provide an update on emerging cyber security issues
 - d) To cover skills and knowledge needed to manage cyber risk
 - e) To familiarise staff with the steps to take in the event of an incident

Future work

4. Further work is likely to include reviewing the arrangements in place for all key stakeholders. Although separate from the Business Continuity Planning, elements of this are connected.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

8. 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

9. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

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

OTHER IMPLICATIONS

11. There are no other implications.

WHAT HAPPENS NEXT

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

Contact Officers:

Siva Sanmugrajah

Risk & Compliance Manager

Consulted:

Local Pension Board Chair

Sources/background papers:

None



SURREY LOCAL PENSION BOARD

17 May 2024

**Surrey Pension Fund Internal Audit Progress Report – Quarter 4
(01/01/24 – 31/03/24)****SUMMARY AND PURPOSE:**

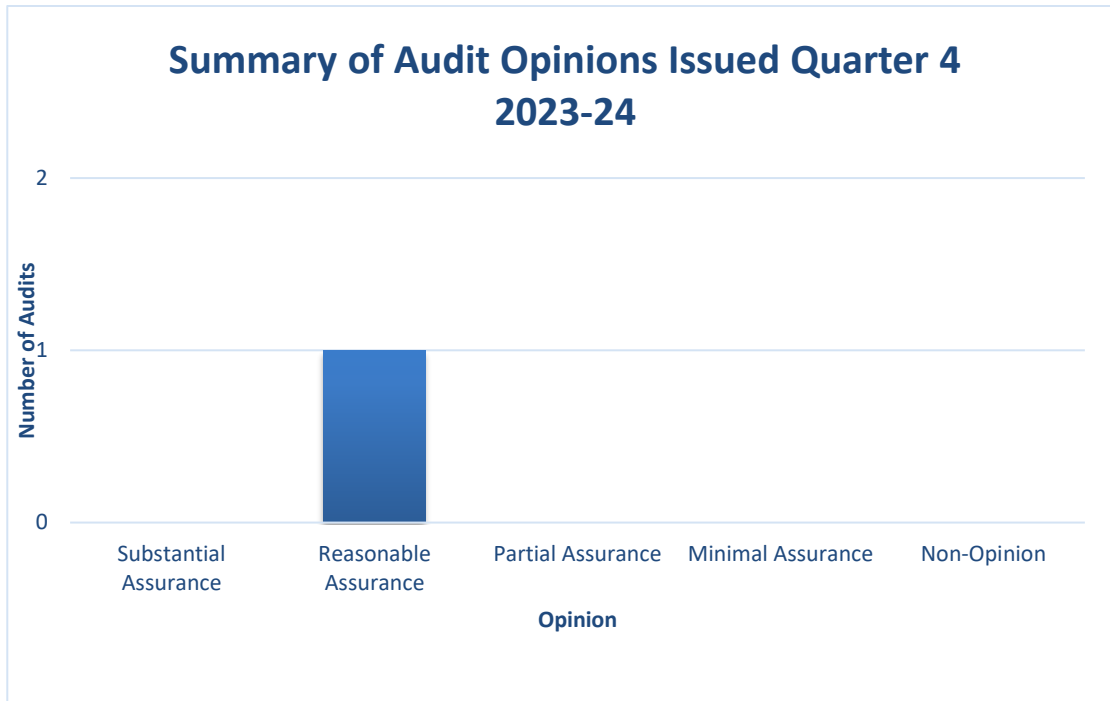
1. The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter four of 2023/24 and provide an update on any high priority actions due for implementation.

RECOMMENDATIONS:

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

BACKGROUND:

3. Key audit findings from final reports issued during quarter four are summarized in Appendix A.
4. Reviews completed in this quarter included planned audits only. Overall, the one formal assignment finalised during quarter four received 'Reasonable Assurance' as illustrated in the graph below.



IMPLICATIONS:

5. Financial;
Equalities;
Risk management; and
Value for money
6. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report.

WHAT HAPPENS NEXT:

10. See Recommendations above.

REPORT AUTHORS: Liam Pippard, Principal Auditor (Surrey County Council)
David John, Audit Manager (Surrey County Council)

CONTACT DETAILS: e-mail: liam.pippard@surreycc.gov.uk
e-mail: david.john@surreycc.gov.uk

Annexes:

1. Surrey Pension Fund Internal Audit Progress Report May 2024

Sources/background papers:

1. None.

Internal Audit and Counter Fraud

Surrey Pension Fund Internal Audit

Progress Report for Quarter Four 2023-24

May 2024

CONTENTS

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

1. Summary of Completed Audits

Pension Fund Administration – Transfers In

- 1.1 An audit of Administration – Transfers In within the Surrey Pension Fund was finalised in January 2024.
- 1.2 This audit, part of the agreed 2023/24 plan, set out to assess and provide assurance that the Surrey Pension Fund has sufficient controls in place in relation to transfers of contributions into the Fund.
- 1.3 We found that there was generally sufficient guidance in place to support officers in the administration of pension transfers in from both LGPS and Non LGPS funds. Alongside this our testing identified that appropriate checks were occurring and all transfers in our sample had been completed within the set service level agreement timeframe.
- 1.4 Overall, we concluded that the opinion in this area should be of **Reasonable Assurance**, and we agreed one action with management (one medium priority) to secure improvements in the documentation of process maps.

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 April 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	Completed – Final Report Issued	Reasonable Assurance
i-Connect Application Control	Draft Report Issued	Reasonable Assurance anticipated at draft report stage

Administration Review – Transfers In	Completed – Final Report Issued	Reasonable Assurance
Pension Investments	Carried forward to 2024/25	
Admission Arrangements	Carried forward to 2024/25	
Follow Up of the LGPS Performance Management Review	Completed – Final Report Issued	Substantial Assurance
Follow up of the Banking Controls Review	Initial Review Completed as part of 22/23 audit plan - Interim Final Report issued in Q1 23/24. Further review work will now be carried out in 2024/25 due to the delays associated with the MySurrey implementation.	No opinion given at this stage - However, further follow up work will be completed in 2024/25.

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	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 LOCAL PENSION BOARD

17 May 2024

Surrey Pension Fund Internal Audit Strategy and Annual Plan 2024/25

SUMMARY AND PURPOSE:

1. The purpose of this report is to inform the Board of the strategy and plan of work to be completed by Internal Audit in 2024/25.

RECOMMENDATIONS:

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

BACKGROUND:

3. This report provides the Board with a summary of the planned activities by Orbis Internal Audit in our delivery of an annual programme of audit work of the Surrey Pension Fund for 2024-25.

IMPLICATIONS:

4. Financial;
Equalities;
Risk management; and
Value for money
5. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report.

WHAT HAPPENS NEXT:

6. See Recommendations above.

REPORT AUTHORS: Liam Pippard, Principal Auditor (Surrey County Council)
David John, Audit Manager (Surrey County Council)

CONTACT DETAILS: e-mail: liam.pippard@surreycc.gov.uk
e-mail: david.john@surreycc.gov.uk

Annexes:

1. Surrey Pension Fund Internal Audit Strategy and Annual Plan 2024/25

Sources/background papers:

1. None.

Surrey Local Government Pension Scheme

Internal Audit Strategy and Plan

2024/25



1. Introduction

- 1.1. Surrey County Council (the Council) is the designated statutory administering authority for the Surrey Pension Fund (the Fund). The Council has a statutory responsibility to administer and manage the Fund in accordance with the rules of the Local Government Pension Scheme (LGPS).
- 1.2. The Fund currently comprises of the Council and 361 scheme employers including, but not limited to, district and borough councils and academic bodies. There are currently circa 117k members of whom 38k were active, and 47k deferred. The remaining 32k are comprised of pensioners and dependants.
- 1.3. A new service structure for the Pension Team was implemented in 2022/23 following a return to sovereign control of the pension administration functions from the Orbis Business Operations shared service.
- 1.4. The Fund pools with other Funds to create the Border to Coast Pensions Partnership. We (the Orbis Internal Audit & Counter Fraud Team) do not provide internal audit services to the Border to Coast Pensions Partnership.
- 1.5. We (the Orbis Internal Audit & Counter Fraud Team) provide internal audit services to the Fund.

2. Objective

- 2.1. The objective of this Pension Fund Internal Audit Strategy and Plan ('The Strategy'), is to provide the Fund with a consistent, risk-based approach to determining an internal audit programme for the Fund, which takes maximum advantage of the available sources of internal and external assurance.
- 2.2. The Strategy seeks to provide assurance on the following aspects of Fund activities during 2024/25:
 - Pension Fund Investments;
 - Pension Fund Business Continuity Arrangements;
 - Pension Administration ; and
 - Pension Fund Governance Arrangements
- 2.3. We will carry out follow-up audits for any previous reviews where the assurance opinion was partial or minimal assurance to ascertain the degree to which agreed actions in these areas have been implemented. A follow up review of LGPS Banking Controls will be undertaken during 2024/25.

- 2.4. We are also holding a contingency allocation of audit days and we will discuss the most appropriate use of this resource with management as the year progresses.
- 2.5. The outline scope for each of the reviews is detailed at Appendix A.

3. Approach

- 3.1. The Strategy uses risk assessment as its foundation. The risk assessment will consider the materiality and significance of the processes involved, any negative factors such as problems or significant changes and any positive factors, which provide comfort or assurance. It should be borne in mind that the Fund is a material and fundamental financial system in its own right and, as such, should be subject to a proportionate level of coverage.
- 3.2. The outcome of the risk assessment will be an objective view of those areas of the business where assurance is required that risks are being managed effectively.
- 3.3. Throughout the year, there will be routine liaison between Internal Audit and management to identify emerging risks and ensure that this Strategy continues to reflect the needs of, and risks to, the Fund.
- 3.4. Where appropriate, audit coverage will be varied from year to year. In areas where no significant findings were made in the previous year, the scope may be widened to other areas to maximise the breadth of coverage and assurance.
- 3.5. Where possible, direct access to source data will be obtained, including to data held in the administration system (Altair), information passed via the Pension Regulator's on-line portal and HMRC's event reporting portal. Where access cannot be obtained, this will be reported.
- 3.6. We plan to deliver 100 audit days for the year 2024/25. This level of coverage will be kept under review to ensure that it remains appropriate to the needs of the Fund.

4. Professional Standards

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

5. Reporting Arrangements

- 5.1. Internal Audit work will be reported in the following manner:
 - A terms of reference will be drafted and agreed with management;
 - An initial draft report will be issued to management for comments on factual accuracy and response to the issues and risks identified;

- A final report that includes agreed actions and implementation dates will be published to management.
- The results of audit work on the Scheme will be reported:
 - to the Surrey Local Pension Board and Surrey Pension Fund Committee; and
 - in summary form, to the Audit and Governance Committee, as part of our quarterly progress reports.

SURREY PENSION FUND INTERNAL AUDIT PLAN 2024/25

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

Review Name	Outline Objective
Pension Fund Business Continuity Arrangements	A review to assess the robustness of arrangements in place to manage business continuity within the management of the Fund.
Pension Fund Governance Arrangements	A review to assess the effectiveness of the overall governance arrangements in place for the LGPS Pension Fund.
Administration Review	An audit to review the key controls and the arrangements in place for an area of administration (TBC).
Pension Fund Investments	A review to assess the adequacy of the SCC Pension Fund management and governance arrangements.
Follow up of the Banking Controls Review	To further assess progress made against agreed actions from the 2021/22 report (Minimal Assurance) and interim follow-up report from 2023/24.
Contingency	We will also hold a contingency allocation and will discuss the most appropriate use of this resource with the Pensions Leadership Team as the year progresses.

This page is intentionally left blank

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD



DATE: 17 MAY 2024

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

SUBJECT: EXTERNAL AUDIT UPDATE

SUMMARY OF ISSUE:

This report provides an update concerning the External Audit of the 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. The auditor for the 2023/24 statements will change to Ernst & Young (EY).

Audit of 2022/23 Financial Statements

2. Grant Thornton provided the signed audit report for the 2022/23 Pension Fund Financial statements on 27 March 2024.
3. The audited accounts have been incorporated into the Annual Report for 2022/23 and this will be available on the Pension Fund web-site and that of the Scheme Advisory Board in due course.

Audit of 2023/24 Financial Statements

4. The audit plan for the 2023/24 Financial Statements will be put to the Council Audit & Governance Committee in June.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

7. 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

8. 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

9. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

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

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

12. Further updates will be brought to the Board as necessary.

Contact Officer:

Keevah Dumont
Paul Titcomb

Finance Manager
Head of Accounting and Governance

Consulted:

Local Pension Board Chair

Annexes:

None

Sources/background papers:

None

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD



DATE: 17 MAY 2024

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 Local Government Pension Scheme (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 McCloud guidance	The Government Actuary Department (GAD) issues guidance for calculations for members affected by the McCloud remedy. More information on McCloud in paragraphs 9 to 14.
2 Lifetime Allowance (LTA) abolished, new limits introduced	The Finance Act 2024 legislates the removal of the Lifetime Allowance (LTA) from 6 April 2024, introducing new limits. More information can be found in paragraphs 7, 30 to 33 and 35.
3 Pensions Increase and CARE revaluation confirmed for 2024	The increase for LGPS pensions and LGPS Career Average Revalued Earnings (CARE) accounts effective from April 2024 announced. More information can be found in paragraphs 8 and 29.
4 Spring Budget implications for the LGPS	Government to work with LGPS in possible role of unlocking investments. More can be found on this and LGPS investments in paragraphs 19, 33 and 44.

LGPS updates

- The Local Government Association (LGA) are planning to update the technical guide on digital engagement with the latest information about usage of member portals, with the purpose of the updates being:

- a) To identify any changes in sign up rates since the guide was first published,
 - b) Allow administering authorities to benchmark their sign-up rates with the average rates across the Scheme,
 - c) Share information about any significant developments or problems that funds have encountered in operating a member portal in the last year.
6. The LGPS Governance conference took place on 18 and 19 January in York and the LGA would like to thank all speakers and attendees who joined in person or online. The 2025 Governance conference will take place in Bournemouth on 30 and 31 January 2025. Those wishing to attend the next conference, either in person or online, can [register their interest](#).
7. The LGA, in conjunction with Aon, have produced an administrators guide following the abolition of the Lifetime Allowance, together with issuing a draft 'previous pension benefits declaration form'. These represent the LGA's understanding of the Finance Act 2024, draft pension tax manual, along with His Majesty's Revenue and Customs (HMRC) newsletters and frequently asked questions.
8. The LGA published [bulletin 248](#) – annual update which sets out the rates and bands that apply from April 2024 for various purposes, including pension contributions.

McCloud

9. The Department for Levelling Up, Housing and Communities (DLUHC) issued new [Government Actuary Guidance](#) on 25 January 2024 which provides additional information about how the McCloud remedy affects certain calculations. The revised guidance covers early payment of pensions, late retirement, individual incoming and outgoing transfers and interfund transfers. Prior to this, for members affected by McCloud certain transfers were put on hold and the issuing of the updated guidance now allows transfer values to be calculated for affected members. Pension Software providers, however, will take time to update the systems to make the necessary changes but in the interim the LGA have provided a spreadsheet which can be used for certain calculations.
10. Clarity is still being sought from DLUHC whether the McCloud remedy applies to transfer out calculations for deferred refund members (members who did not meet the vesting period to qualify for a benefit). Until such clarification has been confirmed, the LGA recommend Club transfers for deferred refunds remain on hold, together with non-Club transfers where the transfer sum would increase due to remedy protection.
11. The DLUHC will be issuing new actuarial guidance on divorce debits and pension credits which will be needed to process a pension sharing order for a member protected by the McCloud remedy.
12. The Teachers' Pension Scheme (TPS) has produced a [video for employers](#) about excess service in the TPS, explaining what this means for affected members, together with an explanation of what employers need to do if they are contacted by TPS for affected members.
13. [The Public Service Pensions \(Exercise of Powers, Compensation and Information\) \(Amendment\) Directions 2024](#) came into force on 21 March 2024, amending the 2022 Directions. For the LGPS they delete the requirement setting out the interest rate to apply on an amount owed by a member to the scheme and the direction for netting this off as it was deemed unnecessary for the LGPS.

14. A closed consultation on draft McCloud statutory guidance was issued by DLUHC. The draft guidance covers issues relating to data collection and verification, identifying members in scope, prioritisation and compensation.

Scheme Advisory Board (SAB)

15. Following receipt of the commissioned report on Sharia Law and the LGPS from an Islamic finance expert, The SAB have [summarised the findings](#) but make clear that report reflects the views of the author and not the Board. The SAB asked Counsel to further update their initial legal advice to address the outstanding questions from the initial advice before the receipt of the report. A summary of Counsel's advice can be found in the [Legal Opinions and Summaries page](#) of the SAB website, although the key message is that the legal risk of a case being successfully brought against a Scheme employer in an Employment Tribunal on the basis of indirect discrimination, or judicial review against an administering authority, or DLUHC for breach of the public sector equality duty, remains extremely low.
16. The SAB held a webinar on 6 March 2024 focusing on the new General Code of Practice which came into force on 27 March 2024, and there is a [recording of the webinar](#).
17. The SAB have reviewed and identified changes required to the 2019 The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance to bring this up to date and issued the [Annual Report Guidance](#). The guidance should be used for producing the 2023/24 Annual Reports but it is acknowledged Funds may not be able to report on the new requirements in time for the annual reports that must be published by 1 December 2024 therefore best endeavours should apply.
18. The next guidance the SAB Compliance and Reporting Committee (CRC) will work on will be the Funding Strategy Statement (FSS) guidance which was last updated in 2016.
19. On 20 February 2024 the LGA published a [further briefing](#) on the Economic Activity of Public Bodies (Overseas) Matters Bill which includes matters raised in previous briefings and some suggested amendments the LGA would support. The Bill is at [Committee stage](#) and seeks to ban administering authorities from making investment decisions influenced by political or moral disapproval of foreign state conduct, except where this is required by formal Government legal sanctions, embargoes and restrictions.
20. The Gender Pensions Gap working group are continuing to explore practical actions to address the underlying issues contributing to the pensions gap identified by the Government Actuary's Department (GAD) following the commissioning of the report by the SAB. The SAB and LGA will be hosting a virtual event on 9 May 2024 for employers with the aim of improving awareness, discussing best practice and encouragement to review the information available to staff at key points in their life. The LGA and SAB also wrote a [blog](#) in March 2024 on the subject.
21. The SAB together with the Institute for Chartered Accountants in England and Wales have commissioned an information note, to assist employers, administering authorities and auditors, which will set out the timeline and information flow for triennial valuation and the international accounting standard (IAS19), with the hope of this being available before this Summer.

22. The SAB [responded](#) to the DLUHC's [consultation on addressing the local audit backlog in England](#). This proposes to introduce a backstop date in order to allow those who prepare and audit local body accounts to focus on more current financial periods, replacing the duty for local bodies to publish a delay notice where the audit had not been concluded.

Pensions Dashboard Programme (PDP)

23. The PDP have published [Frequently asked questions newsletters](#) on varying topics about the pensions dashboards.
24. The PDP hosted a webinar on 17 January 2024 on connection guidance and understanding Additional Voluntary Contributions (AVC) and value data. A recording of this, along with the slides, questions and answers can be found [here](#).
25. The PDP have published a [blog](#) on the central digital architecture, setting out what this is and how it works, together with a [blog](#) on addressing some common questions.
26. The Financial Reporting Council (FRC) published a revised version of the [Actuarial Standard Technical Memorandum](#) (AS TM1) following a consultation in November 2023. Whilst the AS TM1 specifies the assumptions and methods to be used in statutory money purchase illustrations (SMPIs), these are used by LGPS AVC providers to project the AVC estimated retirement income and is data that will be shown on the Pensions Dashboard.
27. The Department for Work and Pensions (DWP) released guidance on the staged timetable accompanied by a written ministerial statement on 25 March 2024. This sets out the revised staging timetable for scheme connections to the dashboard ecosystem. The last connection date is 31 October 2026, public service pension schemes must connect by 31 October 2025 (originally in regulations this was 30 September 2025).
28. Following the above, the DWP published an update to the [guidance on deferred connection](#) to the Pensions Dashboards which sets out the issues that should be considered if an application for a deferral to the connection deadline is made.

His Majesty's Treasury (HMT)

29. HMT published a [written ministerial statement](#) on 25 January 2024 and The Pensions Increase (Review) (No 2) Order 2024 laid on the 15 March 2024 which confirms:
- a) Public service pensions will increase by 6.7% on 8 April 2024, in line with the Consumer Price Index (CPI) for the year up to September 2023.
 - b) Revaluation of CARE accounts in April 2024 for public service pension schemes that revalue those accounts in line with CPI (eg LGPS), will also be 6.7%, together with any local addition relevant to the scheme.
30. On 22 February 2024 the Finance Bill 2023/24 received Royal Assent to become the [Finance Act 2024](#). This fully removes the Lifetime Allowance (LTA) from 6 April 2024 and introduces new lump sum limits to restrict the amount of tax-free cash an individual can take over their lifetime. These new limits are:
- a) the Lump Sum Allowance (LSA), with a limit of £268,275 and includes lump sum payments such as a pension commencement lump sum (PCLS) and uncrystallised funds pension lump sum (UFPLS),

- b) the Lump Sum and Death Benefit Allowance (LSDBA), with a limit of £1,073,100 and includes PCLS, UFPLS, serious ill health lump sums (SIHLS) and authorised lump sum death benefits,
 - c) the Overseas Transfer Allowance (OTA), with a limit of £1,073,100 and includes transfers to Qualifying Recognised Overseas Pension Schemes (QROPS).
31. In addition, Benefit Crystallisation Events (BCE) are also removed and replaced on 6 April 2024 by Relevant Benefit Crystallisation Events (RBCE). Where a RBCE takes place on or after 6 April 2024 differing checks must now be undertaken to ensure the payment of either a lump sum, death benefit lump sum or QROPS transfer, remains within the member's available allowance limit. Members with LTA protections will be afforded the lump sum limit in accordance with the relevant protection. To enable the checks, further information is required from members detailing past pension events that took place prior to 6 April 2024 and relevant tax-free lump sum payments received on or after 6 April 2024. For pension events occurring before 6 April 2024 a standard transitional calculation is performed on the basis the member took 25% of their used LTA as a tax-free lump sum. Members can apply for a Transitional Tax-Free Amount Certificate (TTFAC) before their first RBCE occurs and the certificate, if issued, provides the actual amount of relevant tax-free lump sum amounts the member received.
32. [The Pensions \(Abolition of Lifetime Allowance Charge etc\) Regulations 2024](#) came into force on 6 April 2024 and amends relevant legislation to ensure the operation of the new pensions tax framework following the abolition of the LTA and includes transitional issues not addressed in the Finance Act 2024, along with issues identified through consultation after it was published.
33. The [Spring Budget](#) on 6 March 2024 confirmed for the LGPS:
- a) The Government will work with the LGPS to consider the role they could play in unlocking investment in new children's homes,
 - b) The LGPS in England and Wales will be required to publicly disclose the breakdown of their asset allocations, including UK equities, as early as April 2024.
34. On 6 July 2023 HMT issued a written ministerial statement acknowledging an error in the earnings percentage used in HMT revaluation orders for 2020/21 and 2021/22 which are used to revalue CARE benefits in the Firefighters and Armed Forces CARE schemes. This may impact any inner-Club transfers received by the LGPS from those schemes where the relevant date was after 31 March 2021 and the member accrued CARE benefits during the affected years with the former scheme as the rate of revaluation applied to the transferred CARE should be the same rate as the sending scheme. The LGA are awaiting further clarity on the issue.

His Majesty's Revenue and Customs (HMRC)

35. HMRC have [published Lifetime Allowance guidance newsletters](#), along with further updates within their monthly newsletters which includes answers to frequently asked questions and identifying where further legislative changes will, or may, need to be added following the abolition of the Lifetime Allowance.

The Department for Work and Pensions (DWP)

36. The DWP laid The Pensions Act 2004 (General Code of Practice) (Appointed Day, Amendment and Revocations) Order 2024 on 26 March 2024, confirming the effective date for the new General Code of Practice was 28 March 2024. This replaces Code of Practice 14 for public service pension schemes as well as combining ten previous codes.

37. The DWP also laid [The Pensions Act 2004 \(Codes of Practice\) \(Revocation\) Order 2024](#) which came into force on 28 March 2024, revoking the previous 10 codes and the Code of Practice 14.

The Pensions Regulator (TPR)

38. The Regulator published a [blog](#) on environmental, social and governance (ESG) risks and opportunities on 21 February 2024.
39. The Regulator also published a [blog](#) on 4 March 2024 on automatic enrolment.
40. The Chief Executive of TPR [delivered a speech](#) on the evolving pensions industry landscape and TPR's growing role.
41. On 19 March 2024 TPR published the results of their first [diversity and inclusion survey](#), which was conducted between July and August 2023 with responses from trustees and public service pension scheme board members. The survey confirms trustees and pension board members are less diverse than the overall population with the results establishing a baseline to measure progress towards ensuring high standards of diversity and inclusion on pension boards.

Other news and updates

42. The Carer's Leave Regulations 2024 have been introduced and effective from 6 April 2024. These regulations provide entitlement for employees in a 12 month period to take [one week's unpaid leave](#) to give or arrange care for a dependent (based on the dependent meeting the criteria).
43. GAD published an article on 14 February 2024 on [developing artificial intelligence \(AI\) skills](#) and is working with an AI partner to develop coding to perform quality assurance checks on administrator calculations.
44. The Taskforce on Social Factors have published guidance '[Considering Social Factors in Pension Scheme Investments](#)', and is aimed at supporting schemes in assessing the social risks and opportunities of their scheme's investments.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

46. None.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

47. None.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

48. 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

49. None.

EQUALITIES AND DIVERSITY

50. There are no equality or diversity issues.

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

52. No next steps are planned

Contact Officers:

Sandy Armstrong Technical Manager
Paul Titcomb Head of Accounting and Governance

Consulted: Local Pension Board Chair

Annexes: None

Sources/background papers: None

This page is intentionally left blank