

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.00 am on 26 July 2024 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Board at its meeting on Friday, 15 November 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, Chair of the Pension Fund Committee (online)

36/24 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Brendan Bradley and William McKee. William McKee attended online for a short time. Trevor Willington arrived at 10.28am for the start of item 8 – Change Programme.

37/24 MINUTES FROM THE PREVIOUS MEETING: 17 MAY 2024 [Item 2]

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

38/24 DECLARATIONS OF INTEREST [Item 3]

There were none.

39/24 QUESTIONS AND PETITIONS [Item 4]

There were none.

40/24 GLOSSARY, ACTION TRACKER & FORWARD PLAN [Item 5]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

1. The Chair introduced the glossary, action tracker and programme of works.
2. The LGPS Senior Officer explained that in relation to the governance arrangements item on the programme of works a date for this was to be arranged and both the Board and Committee would be consulted.

Actions/ further information to be provided:

None.

Recommendations:

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

41/24 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 21 JUNE 2024 [Item 6]

Speakers:

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

Key points raised during the discussion:

1. The Chair of Surrey Pension Fund Committee highlighted some areas from the report including:
 - a) That the governance review work will need to go to full Council so there may need to be an additional meeting just to deal with this to fit in with timetabling.
 - b) The Committee were pleased with progress on the legacy reduction.
 - c) They had discussed the Stewardship Code and papers had been submitted to the Pension Regulator. The LGPS Senior Officer confirmed success and that the Surrey Pension Fund was now a signature to the Stewardship Code. He stated that this was a substantial piece of work led by Lloyd Whitworth, the Head of Investment and Stewardship.
 - d) There were workshops being organised to consider investment beliefs and fiduciary duty in and how this relates to the investment strategy. In response to a Member query on whether the Board would be involved with this the LGPS Senior Officer explained that work would be with the Committee but was happy to keep the Board updated and that the final workshop was included on the agenda of the residential learning session in October.
 - e) The opportunities for a net zero date had been reviewed with no changes recommended
2. There was some discussion around plans from Government regarding pension funds and its investments. The Government had signalled its intentions to undertake a new pensions bill and the first tranche of that review would include the LGPS. Officers did not expect anything in that review to be any different to that which had been communicated by the previous Government, i.e. the pace of pooling and consolidation of pools, scheme efficiency and the challenge to increase allocations to UK assets.

Actions/ further information to be provided:

None.

Recommendations:

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

42/24 SURREY PENSION TEAM OVERVIEW - QUARTER 1 [Item 7]

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

The LGPS Senior Officer highlighted four areas from the report:

- a) the value of the fund has increased
- b) the progress made on resolving the legacy issues
- c) the internal audit progress
- d) the third Pulse survey (staff survey) which was key to building the culture of the team and to continuing improvement. The results were being considered and updates from that would be given to the Board as and when appropriate.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

43/24 CHANGE MANAGEMENT UPDATE [Item 8]

Speakers:

Nicole Russell - Head of Change Management

Amy Wallace – Senior Project Specialist

Colette Hollands, Interim Head of Accounting and Governance

Key points raised during the discussion:

1. The Head of Change Management highlighted the following areas:
 - a) All business as usual communications had gone out as planned.
 - b) The Surrey Pension Team had been nominated and shortlisted for a number of awards.
 - c) The Board and Committee report templates had been reviewed and was now more accessible.
 - d) The results of the recent Pulse survey would be available at the next meeting.
 - e) The agenda for the residential learning for the Board and Committee would be shared soon. It was confirmed that the residential training would be held in Winchester. Further details would follow.
2. A Member spoke about increasing interference from Government in how pensions are administered especially with investments and asked for a summary paper to lay out the varying degrees of freedom about what the fund can or cannot do in relation to Government edicts. The LGPS Senior Officer responded that the session on investment beliefs with the Committee will be discussing this, that has at its core an understanding of fiduciary duty and how that applies to committees in the wider sense regarding both local authority and central government. There will also be invited guests including someone from the Scheme Advisory Board advising on this at that session. This issue will be included on the agenda at the residential learning session.
3. The Senior Project Specialist gave an update on each on the ongoing projects which included:
 - a) with GMP, officers were liaising with Aptia to get this resolved and completed by the end of February next year.
 - b) Work with McCloud was on track and currently testing, with more testing next week before going live.

- c) Lunch and learn sessions were booked until November and had been well attended
 - d) the responsible investment project has a very light touch from a project management perspective to support as and when needed with good project management practice.
4. In response to a question regarding banking controls the Interim Head of Accounting and Governance explained that banking controls audit was next on the list on the internal audit plan. The terms of reference were being drafted and would be ready in the next couple of weeks. The previous two audit reports on the banking controls would be reviewed and then moving this forward with the view to a further update at the end of this quarter. It was anticipated that the banking control issues would be addressed in the next few months. However, as issues with Unit 4 remained unresolved, the actions connected to this dependency would not have been progressed.
 5. The Head of Change Management went on to cover the transformation aspects from the report which included:
 - a) Work on the Digital Transformation strategy with initial efforts focused on digitisation of forms and a couple of core processes.
 - b) A business case examining evolving the governance and identity of the pension fund would come to the September meeting.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

44/24 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 APRIL 2024 TO 30 JUNE 2024 [Item 9]

Speakers:

Tom Lewis, Head of Service Delivery

Jim Woodingfield, Deputy Head of Service Delivery Benefits Administration

Liam Pippard, Principal Auditor

Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

- f) The Head of Service Delivery gave a precis of the report and highlighted the following areas:
 - a) Performance was down in some areas including retirements and survivors, benefits, death grants. The root cause of that over time was where staff absence had caused the team to fall behind and struggled to get back on top of that. He explained how two teams had been merged to deal with this issue and extra training to get more staff able to deal with certain jobs and how that was making progress so far.
 - b) The legacy project was going well, and more detail had been provided in the report. Performance had plateaued slightly in the last quarter because the team were now digging into cases that there's a bit more lead time on and there had been an increased period of team training and analysis of that work to make sure it can all be allocated in the right way.
 - c) A Member questioned the figures for retirements and transfers in both in the report and on the dashboard as there appeared to be a 10% difference between the two. The Head of Service Delivery explained

how the dashboard was giving joint percentages from several areas added together and that this was being discussed in terms of how much information was in the dashboard.

- d) Four cases had come from the Pension Ombudsman which was more than usual, and the reason was that the Ombudsman was now better resourced and addressing a backlog of cases.
- e) For GMP the team had re-engaged with the third-party supplier for this and were seeking to rescope this work with them and get new plans. There was a wait on some commercials but also a serious delay in getting this information which had become quite frustrating. If this wasn't sorted out within the next two to four weeks, then there would be a similar situation to last year where it was asked can we do this before pensions increase. It has been raised with the supplier customer relationship manager but if that doesn't get us a result we will need to consider further escalation at that point.
- f) Regarding McCloud, the system configuration had gone in since the most recent upgrades. There had been much testing around the bulk interface tools and the calculations. There had also been some increased scenario testing with guidance from various bodies.
- g) In response to a member question asking if there was any additional backlog being built up since the reduction of legacy cases, the Head of Service Delivery confirmed this was not the case and this will remain an objective of the service to ensure this doesn't happen moving forward. It was however stated the impact of Unit 4 was causing cases to stall with approximately 1600 cases pending processing.
- h) Members chose to discuss annex 2 of item 10 – Risk Register – as it was appropriate to do so at this point in their discussions. This was about Unit 4 and iConnect.
 - a) The Head of Service Delivery gave a detailed overview of what checking and re-checking data meant for the team.
 - b) On the accounting and governance side of the MySurrey Unit 4 issues, the set up wasn't ideal for pension fund itself. That has caused issues in recording data and additional checks needed to prepare the fund accounts, although the fund accounts were now prepared it had also led to considerable delays in being able to post receipts and payments in year. Extra resources within the team had been used to get ahead on that.
 - c) In response to a Member query on the human aspect of these issues the Head of Service Delivery explained that there were significant delays to paying some pensions caused by a lack of data or responses to queries raised with SCC and where possible, we would continue to make interim pension payments to members. Staff were very frustrated internally, both those processing the case work and those taking the calls directly from members.
 - d) The Principal Auditor explained that the payroll audit should be finished soon, then they would look at the impact for pensions
 - e) The Chair explained how he and the Chair of the Committee had been working hard to support the team by stressing the urgency of this and had several meetings with various people. It had been agreed that both Chairs meet regularly with pension officers to keep abreast of it.
 - f) Following a detailed discussion on the issues involved the LGPS Senior Officer reported that officers had a duty to assess these issues and if material, to report them to the Pensions Regulator. The Regulator had helpfully set out some criteria to assess that. One of the

areas that the Regulator focused on was the provision of annual benefit statements and the number of members impacted. Where it would be the majority or a large number of Members impacted, that would be the level to consider a report to the Regulator. Currently it was thought that a small number of members would be affected but the team will keep this under review.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

45/24 RISK REGISTER UPDATE 2024/25 QUARTER 1 [Item 10]

Speakers:

Colette Hollands, Interim Head of Accounting and Governance

Key points raised during the discussion:

1. The Interim Head of Accounting and Governance highlighted a few areas that hadn't been discussed in the previous agenda item, including:
 - the lowered risk rating for legacy
 - the reviewed Risks in the register and some target dates. Annexe 2 was the update on the latest position with MySurrey
 - How several of the risks were being reviewed and maybe broken down into more detail. A full review of the register would be provided to the next Board meeting.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report including the Risk Register in Annexe 1 and MySurrey update in Annexe 2.

46/24 SURREY PENSION TEAM DRAFT BUSINESS CONTINUITY PLAN [Item 11]

Speakers:

Colette Hollands, Interim Head of Accounting and Governance

Key points raised during the discussion:

1. The Interim Head of Accounting and Governance gave a precis of the report which included the business impact and analysis and the business continuity plan. She explained the work with colleagues and support from the Emergency Management and Resilience Team. Critical activities identified were in the business impact analysis which have then been converted into the business continuity plan. The business critical aspect of MySurrey was still to be added.
2. A Member queried when the practice review would take place rather than the desktop exercise done so far. The Interim Head of Accounting and Governance explained that this will be discussed with deputy heads and the extended leadership team to talk through the scenarios to ensure full

understanding of the position in the event of a critical activity being triggered. There has been learning from Covid which will be applied.

3. In response to a Member query regarding cyber security the Interim Head of Accounting and Governance explained that cyber security was being looked at separately.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

47/24 SURREY PENSION FUND INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 [Item 12]

Speakers:

Liam Pippard, Principal Auditor

Key points raised during the discussion:

1. The Principal Auditor highlighted:
 - That one audit had completed in quarter one for iConnect application controls which received reasonable assurance and a few findings were raised with the management team.
 - Banking controls was looked at separately this quarter, follow up work was scheduled for the coming quarter.
 - The various areas on the audit plan for this year including Business Continuity and Governance.
2. In response to a Member query regarding the planned audit on deaths the Principal Auditor explained that there had not been issues with deaths but that it hadn't been audited in a long time so should be done.
3. In response to a Member query the Head of Service Delivery reported that there were 650 overseas pensioners and that a third party provider called Crown Agents Bank were being used as they had a completely online digital process.

Actions/ further information to be provided:

None.

Recommendations:

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

48/24 EXTERNAL AUDIT UPDATE [Item 13]

Speakers:

Colette Hollands, Interim Head of Accounting and Governance

Key points raised during the discussion:

1. The Interim Head of Accounting and Governance reported that approval of the pensions external audit by the Audit & Governance Committee had

been delayed as it was missing details of management fees. These details had now been provided and were now approved.

Actions/ further information to be provided:

None.

Recommendations:

The Board is noted the report.

49/24 SURREY LOCAL PENSION BOARD ANNUAL REPORT 2023/24 [Item 14]

Speakers:

Colette Hollands, Interim Head of Accounting and Governance

Key points raised during the discussion:

1. The Interim Head of Accounting and Governance introduced the report that documented the activities of the Board of over the last financial year. The report would form part of the annual report and will be published later in the year.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

50/24 LGPS UPDATE (BACKGROUND PAPER) [Item 15]

Speakers:

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

Key points raised during the discussion:

1. The LGPS Senior Officer reported that a letter to LGPS funds from the former Minister for DLUHC had been responded to in a joint letter from the Chief Executive, Section 151 Officer and Senior LGPS Officer A response was also sent collectively from the Border to Coast Partners. The response would be shared with the Board and the Committee.
2. The Chair reported that he had attended the Border to Coast conference and both he and the Chair of the Pension Fund Committee were assured that Border to Coast was working effectively. He encouraged the Board Members to attend a conference in future.

Actions/ further information to be provided:

That the response to the former Minister be shared with members of the Board and Committee.

Recommendations:

The Board noted the report.

51/24 DATE OF THE NEXT MEETING [Item 16]

It was noted that the next meeting was scheduled for 15 November 2024.

VOTE OF THANKS

The Board was informed that the Committee Manager, Angela Guest, was retiring and thanked her for the support she had provided to the Board over the years.

MEMBER REPRESENTATIVE VACANCY UPDATE

The Governance Manager informed the Board that Unison had a meeting on 17 July at which was to be discussed putting forward a suitable candidate, as member representative on the Board, and she would follow that up next week.

Meeting ended at: 11.59 am

Chairman