

Notice of Meeting

Surrey Local Pension Board



Date & time	Place	Contact	Interim Head of Paid Service
Friday, 26 July 2024 at 10.00 am	Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF	Angela Guest angela.guest@surreycc.gov.uk	Michael Coughlin

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: 17 MAY 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.

All present are reminded of their respective Code of Conduct and specifically the Seven Principles of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty, leadership. As such they will act lawfully, lead by example and act in a way that secures public confidence in this role.

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 (22/7/2024).
2. The deadline for public questions is seven days before the meeting (19/7/2024)
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 - 40)

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

6	SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 21 JUNE 2024	(Pages 41 - 48)
	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 1	(Pages 49 - 60)
	This report gives 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 MANAGEMENT UPDATE	(Pages 61 - 68)
	This paper details the Change Team Quarterly Report of activity for the period April – June 2024.	
9	ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 APRIL 2024 TO 30 JUNE 2024	(Pages 69 - 86)
	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 2024/25 QUARTER 1	(Pages 87 - 104)
	This report considers changes made to the risk register for the Surrey Pension Team in Quarter 1 of 2024/25.	
11	SURREY PENSION TEAM DRAFT BUSINESS CONTINUITY PLAN	(Pages 105 - 146)
	This report summarises the work carried out in producing the Surrey Pension Team draft Business Impact Assessment (BIA) and draft Business Continuity Plan (BCP) for the Local Pension Board’s consideration.	
12	SURREY PENSION FUND INTERNAL AUDIT PROGRESS REPORT - QUARTER 1	(Pages 147 - 152)
	The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter one of 2024/25 and provide an update on any high priority actions due for implementation.	
13	EXTERNAL AUDIT UPDATE	(Pages 153 - 156)
	This report provides an update to the External Audit of the 2022/23 Financial Statements.	
14	SURREY LOCAL PENSION BOARD ANNUAL REPORT 2023/24	(Pages 157 - 170)
	This report summarises activities of the Local Pension Board during 2023/24.	

15 LGPS UPDATE (BACKGROUND PAPER)

(Pages
171 -
178)

This report considers recent developments in the LGPS.

16 DATE OF THE NEXT MEETING

The next meeting is scheduled for 15 November 2024.

Michael Coughlin
Interim Head of Paid Service
Published: Thursday, 18 July 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.

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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 17 May 2024 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

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

(* present)

Elected Members:

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

In attendance

Nick Harrison, Chair of Surrey Pension Fund Committee

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

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

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

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

20/24 DECLARATIONS OF INTEREST [Item 3]

There were none.

21/24 QUESTIONS AND PETITIONS [Item 4]

There were none.

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

Speakers:

Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

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

Actions/ further information to be provided:

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

Recommendations:

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

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

Speakers:

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

Key points raised during the discussion:

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

Actions/ further information to be provided:

None.

Recommendations:

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

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

Speakers:

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

Key points raised during the discussion:

1. The Head of Change Management introduced the rolling dashboard which was a snapshot of the metrics taken on the last day of the quarter that it represented. She explained that there had been improvements in nearly

all areas and those that were down were within tolerance levels of normal fluctuation. The legacy reduction programme was going well.

2. A Member asked for a metric on the vacancy rate to which the LGPS Senior Officer responded that officers could report on the vacancy rate.
3. The Head of Change Management also explained that officers were looking at a change of IT platform for the dashboard so that those with an external email could access the dashboard.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

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

Speakers:

Nicole Russell – Head of Change Management (online)

Key points raised during the discussion:

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

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

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

Speakers:

Tom Lewis, Head of Service Delivery

Key points raised during the discussion:

1. The Head of Service Delivery highlighted the following areas on the report:
 - a) Performance levels had remained broadly the same as previous quarter. There were still a few areas to be addressed for example notification of ill health and death benefit payments. Unit 4 continued to

impact the way in which some cases were coming through and the levels of priority that had to be given from time to time. However, there isn't a lot of work stacking up and staff are getting through the work.

- b) The customer Relationship team numbers remained consistent with 87% of queries being dealt with at the point the call was made. It was expected that there would be a rise in queries next quarter due to annual benefit statements being sent out.
- c) In response to a Member query regarding the number of login issues the Head of Service Delivery responded that this was down to people forgetting their login and that it was not easy to change it. He was looking at ways to improve this position.
- d) There had been little movement on GMP as the same people that are working on GMP had moved their efforts to Pensions Increase and other required work around McCloud. Aptia, the third party provider, were working with the team to re-establish requirements and ensuring that it was meeting the expectation of what was wanted. It was hoped to see GMP work finished by the end of this year.
- e) The number of cases completed for the legacy case reduction was significant, however, this rate may go down as the legacy team will be used to help with any work generated from MySurrey.

Actions/ further information to be provided:

None.

Recommendations:

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

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

Speakers:

Paul Titcomb, Head of Accounting & Governance

Tom Lewis, Head of Service Delivery

Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. A Member queried risk 13 on regulatory compliance and would the expectation be that once the work on those areas around GMP and McCloud was complete that the assessment of the likelihood would drop and the risk profile decrease? The Head of Service Delivery stated that this was difficult to answer because the risk noted in the register is broader than those specific areas and it is not clear what might be coming from government legislation further ahead. So it could be that those two material items are cleared and at that point the risk on those items alone has come right down only for something else to require the assessment to go back up again.
2. The Chair stated that he had a potential issue with risks 13 and 14 which he felt could be rated as unlikely but having heard what the Head of Service Delivery said that the risk area was broader so maybe those risks should stay as they are. The Head of Service Delivery responded that this was an inherent risk and ratings would fluctuate accordingly.
3. The Head of Accounting & Governance stated that the ongoing issues with MySurrey had been well articulated in the report and annex. The payroll data area had been a significant issue. The primary issue was with access and reporting out of the system.

4. A Member asked if the position was that the information coming through from other employers or employers, other than Surrey County Council, was now more readily going into the pension fund and meeting pension fund requirements? The Head of Service Delivery responded that from an employer data perspective, the flow of data coming across from Surrey has been minimal or the frequency has been late. He explained in detail the differing processes that were being used. This had disrupted the way in which information was flowing in. Then there was the work that they're trying to do, not just to rectify pensions work. They don't have the resource to return to the more manual way of doing it or providing it in a different way, bar for those cases where they're deemed critical. The biggest issue was not receiving leaver information and he explained the support that the Administration Team had provided to try to get things on track.
5. The LGPS Senior Officer explained that the urgency of this had been elevated and that regular meetings took place at which the Board and Committee Chairs attended. Ultimately, there was a need to be confident in the way this was being looked at and that serious steps on remediation were being taken by Surrey County Council. If they were not, then a recommendation to the Board that Surrey County Council be reported to the Pension Regulator may be considered appropriate. A Member asked at what point did officers think that this may need to happen. The Head of Service Delivery estimated a month from the tipping point because if left any later and the information had still not been received then there would be an issue delivering the annual benefit statements.
6. A Member also pointed out that if starter/leaver information was not received then that would impact on external audit not being able to give a clean opinion on the accounts. The Head of Accounting & Governance responded that the accounts would be prepared with the best available information and if there were estimates required then the estimates would go into the accounts.
7. The Chair stated that there was a meeting on this specific topic on Tuesday where both he and the Committee Chair would be. They would learn the latest position at that meeting. Therefore, it was determined that the Board should monitor the issue closely. It was agreed that a note on the outcome of this meeting be shared with the Board.
8. A Member asked if no one's been entered on the system for however long it was, how many people was that in a normal period? The Head of Service Delivery responded that new starters were included in the rectification work that had been done, so they've been identified, and their records updated. He estimated about 300 to 400. New starters were not a big work burden because once the data flowed in then new starter packs would be issued in bulk, but the problem was that they may then start contacting the customer relations team questioning why they are getting a pack when they started some time ago. This may then cause a knock on effect to other service areas.
9. The LGPS Senior Officer explained the process prior to reporting to the Pension Regulator describing the traffic light system for the materiality of a breach. That the risk was at amber at the moment but if it was felt to be going into the red then the Breaches Policy would be followed as part of next steps. This would involve consulting with senior officers in the organisation, including the monitoring officer and the Chairs of the Committee and the Board, and make a recommendation to those bodies before any formal reporting was made. Currently the remediation and

mitigation were underway, but it was coming to the point whereby it may need to be reported.

10. There was some discussion around whether the risk rating for risk number 16 should be raised to the highest level and on the advice of the LGPS Senior Officer agreed to hold off on any changes until after the meeting to be held on Tuesday with relevant parties and the Chairs as the next two weeks were critical.
11. A Member also asked if the mitigation for risk no 16 should be changed and again it was agreed that this decision would be deferred until after the Chairs meeting on Tuesday.

Actions/ further information to be provided:

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

Recommendations:

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

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

Speakers:

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

Key points raised during the discussion:

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

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

29/24 UPDATE ON CYBER SECURITY [Item 12]

Speakers:

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

Key points raised during the discussion:

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

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

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

Speakers:

Liam Pippard, Principal Auditor

Key points raised during the discussion:

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

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

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

Speakers:

Liam Pippard, Principal Auditor

Key points raised during the discussion:

1. The Principal Auditor gave a brief precis of the annual strategy and plan report. He gave an update on what sort of areas were to be covered. The specific scope with audits were to be agreed with the team to make sure that the most appropriate areas were to be covered.

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

32/24 EXTERNAL AUDIT UPDATE [Item 15]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

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

Actions/ further information to be provided:

None.

Recommendations:

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

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

Speakers:

Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:

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

Actions/ further information to be provided:

None.

Recommendations:

1. The report was noted.

34/24 VOTE OF THANKS [Item Added]

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

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

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

Meeting ended at: Time Not Specified

Chairman

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SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D'ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

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.
2. Make any recommendations to the Pension Fund Committee if required.
3. Monitor progress on the implementation of recommendations from previous meetings in Annexe 2.
4. Review and note any changes on the Forward Plan in Annexe 3.

REASON FOR RECOMMENDATIONS:

Background

1. A glossary has been provided as Annexe 1, so the Board is able to refer to this 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

Annexes:

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

Sources/Background papers: None

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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 Analysis
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

COMPLETED (Will be deleted from tracker for next meeting)

Date of meeting and reference	Item	Recommendations/Actions	To	By When	Response	Progress
17 May 2024 2/24	Glossary, Action Tracker & Forward Plan	To provide Board Members with a summary of requirements of the new training policy.	Head of Change Management	July 2024	Summary of training policy and link to Surrey Pension Website for Training policy, circulated to Members of the Board on 16/7/2024	Complete
17 May 2024 3/24	Risk Register Update 23/24 Quarter 4	That a note on the detail and outcome of Tuesday's meeting be shared with the Board.	Head of Service Delivery	July 2024	Update provided in Annexe 2 to Pension Fund Committee and circulated to Board Members as part of Agenda pack for June 2024	Complete

Date of meeting and reference	Item	Recommendations/Actions	To	By When	Response	Progress
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	Regular meetings have taken place considering the implementation of My Surrey and the Board has been provided with a regular update as part of the Risk report. This will continue until the issue is resolved to the satisfaction of officers and the Board.	Complete
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	Complete
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	This was considered as part of the Training Policy revisions agreed by the Committee in March. Several aspects of 'mandatory' training from last year's policy have now been changed to 'encouraged' with compulsory elements now covered at the residential course.	Complete

Standing Item for each meeting

Item Number	Report Title	Responsible Service within Pensions
1.	<i>Glossary, Action Tracker, Forward Programme of works</i>	A&G
2.	<i>Change Programme Update</i>	CM
3.	<i>Surrey Pension Team Overview – Dashboard update</i>	All – A&G, I&S, CM, SD
4.	<i>Pension Committee Summary including Border to Coast update (Summary Paper)</i>	A&G
5.	<i>Service Delivery Overview</i>	SD
6.	<i>Legacy Update (inc in Service Delivery Overview Report)</i>	SD
7.	<i>Risk Overview (Risk Register)</i>	A&G
8.	<i>Internal Audit Update</i>	A&G
9.	<i>External Audit 2022/23 Audit Update</i>	A&G
10.	<i>LGPS – Background report</i>	A&G

Key

Accounting & Governance (A&G)

Investment & Stewardship (I&S)

Change Management (CM)

Service Delivery (SD)

Date: 26 July 2024

Item Number	Report Title	Responsible Service within Pensions
11.	MySurrey (Unit4) Update (inc as part of the Risk Overview)	All – A&G, I&S, CM, SD
12.	LPB Draft Annual Report Update	A&G
13.	Business Continuity Report Update	A&G
14.	External Audit Update	A&G
15.	Administration strategy – draft (Inc.as part of Service Delivery Overview Report) – Deferred to November LPB Meeting	SD

Date: 15 November 2024

Item Number	Report Title	Responsible Service within Pensions
16.	LPB Draft Annual Report Update	A&G
17.	General Code review	A&G
18.	Actuarial update: 2025 valuation planning	A&G
19.	External Audit update	A&G
20.	Administration strategy – draft (Inc.as part of Service Delivery Overview Report)	SD

Date:21 February 2025

Item Number	Report Title	Responsible Service within Pensions
21.	Communication Policy	CM
22.	Training Policy	CM
23.	Administration strategy – Update (Inc.as part of Service Delivery Overview Report)	SD

Key

Accounting & Governance (A&G)

Investment & Stewardship (I&S)

Change Management (CM)

Service Delivery (SD)

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SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D'ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

**SUBJECT: SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 21
JUNE 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 Local Pension Board:

1. Note the content of this report.
2. Make any recommendations to the Pension Fund Committee if required.

REASON FOR RECOMMENDATIONS:

Background

The Committee met on 21 June 2024. This report provides a summary of this meeting and decisions made.

DETAILS:

Glossary, Action Tracker, Forward Programme of Works

1. The Assistant Director, LGPS Senior Officer advised members of the completed actions, these items will be removed from the action tracker for the next meeting.
2. The Forward Programme of Works was brought to the attention of the Members, with the possibility of an additional meeting scheduled for September. This additional meeting is to consider a report regarding governance of the Fund and its relationship with the Council. Officers are working with key stakeholders including the Monitoring Officer, Section 151 Officer, and Chair of the Committee, along with Internal Audit, following the completed governance review last year to address best practice. Any recommendations would be presented to full Council for approval.

Summary of the Local Pension Board Meeting

3. The Board report was presented by the Chair of the Board who provided a summary of administration and governance issues reviewed at the last meeting on 17 May 2024. This included an update on [Annexe 1](#) and a further update on MySurrey in [Annexe 2](#), attached to the Committee Reports 21 June 2024. The Committee Members also received assurance from the Head of Service Delivery that we have received the data file from Surrey County Council Payroll to validate the data to produce the Annual Benefit Statements, within the agreed timeframe. For the current position on MySurrey please refer to the Risk Overview report later in this Agenda.
4. Members were concerned to learn that new starters and early leavers have not been processed. The Head of Service Delivery confirmed that now we have the data file from Surrey County Council and i-Connect file we are now able to process these cases.
5. The Assistant Director, LGPS Senior Officer concluded that MySurrey continues to be classified as a key risk, with no immediate plans to reduce the risk. Officers have reviewed this risk assessment in view of a material breach and at this moment have identified that this is not a material reportable breach and therefore does not need to be reported to the Pension Regulator. The Fund will continue to monitor the situation closely.
6. The Committee Chair highlighted to Members the business-as-usual performance activity was at 88% of Service Level Agreement and that the Legacy work had reduced significantly.

Surrey Pension Team Overview – Quarter 4

7. The Committee received an update on the executive summary of the Surrey Pension Team activities. The Assistant Director, LGPS Senior Officer highlighted three measures that are below the desired target, investment performance, reduction in people, and transfers paid out.
8. A Member of the Committee raised a question regarding the funding level of the Fund. The Head of Investment and Stewardship explained that if we took the same assumptions as in 2022, i.e. a discount rate of 4.4%, the funding level would be 98%, compared to today's reported level of 135%.
9. The Vice-Chair raised a question on what arrangements are being made for making the Dashboard information freely available to Members. The Head of Change Management explained that the live data is on a system called Tableau, which is hosted by Surrey County Council. Unfortunately, the system is only available to Members of the Committee with a Surrey email address. We are therefore exploring different options on how we can provide this live data to all Board and Committee Members.
10. The Chair requested as an action for Officers to provide a monthly snapshot of the Dashboard to be available to the Members of the Board and Committee.

Change Programme Update – Quarter 4

11. The Head of Change Management presented an overview of activities for the period January – March 2024. This highlighted some of the key aspects of work as follows: refresh of the members website, communication survey to Board and Committee Members, Pulse Survey for Surrey Pension Team is now open. Work is underway to finalise the speakers and agenda for the residential training in October and the digital transformation strategy for year one. A reminder to members of the Governance Hub SharePoint site.
12. The Chair requested a more detailed report of the 17 projects, specifically detail on those items have been closed and those moved to business as usual since the last report.

Surrey Pension Team Strategic Plan out-turn report – 2023/24 financial year.

13. The Committee received a report that summarised the activities completed in Year 1 of the Surrey Pension Team (SPT) Strategic Plan, highlighting the areas for each Service.
14. The Chair of the Committee commented on the recharges and noted these have moved back to business as usual. The Employer Manager confirmed that the recharges are being completed monthly and quarterly and that historical recharges had been invoiced and recovered.
15. A Member requested an update on the Stewardship Code application. The Head of Investment and Stewardship confirmed submission of the report that contained over 100 pages in April and that we are awaiting a response from the Financial Reporting Council.
16. The Chair of the Committee highlighted to other Members the move to the Emerging Market Alpha Fund, which resulted in lowering the carbon footprint of those assets by approximately 50%.
17. The Chair also commented on the excellent work in reducing the Legacy transactions and requested a final report as we approach near completion of the project. This is to be reviewed by the Board initially. The Service Delivery Manager confirmed this work is expected to be completed in October/November, then aim to move towards business as usual. A more detailed Legacy reduction report to be provided to the Board for its next meeting in July.2024.

Investment Manager Performance and Asset/ Liabilities Update

18. The Head of Investment and Stewardship highlighted the return on assets in absolute and relative terms. The Fund is worth £5.8 billion with an allocation of nearly 60% in equities. Overall, the Fund returned 5.28% in Q4 2023/24 (January-March 2024), in comparison with the benchmark of 6.65%.
19. The Committee noted the main findings of the report in relation to the Fund's valuation and funding level, performance returns and asset allocation.

Company Engagement & Voting Update

20. The Deputy Head of Investment and Stewardship introduced the report and highlighted some key points: LAPFF engagement was mostly in SDG Categories 8, 16 and 17 driven by the Votes against Slavery (VAS) initiative spearheaded by Rathbones. [Annexe 4](#) is the first ESG report for Border to Coast Emerging Markets Equity Alpha Fund. One of the goals for moving into this fund was to reduce the carbon footprint, which was confirmed as being achieved.
21. The Committee noted the summary of various Environmental, Social & Governance (ESG) engagement and voting issues that the Surrey Pension Fund (the Fund), Local Authority Pension Fund Forum (LAPFF), Robeco, and Border to Coast Pensions Partnership (BCPP) have been involved in.

Investment Strategy Fiduciary Duty and Investment Beliefs

22. Committee Members were asked to agree to establish a sub-committee to consider how the Committee's fiduciary duty in law relates to the objectives of the Fund and reaffirm its investment beliefs. The proposed training and discussions are aimed to establish the parameters to enable effective decision making. The Chair noted that all Committee members were invited to join this sub-committee. The Committee agreed all three recommendations.

Competition & Markets Authority (CMA): Investment Consultant Strategic Objectives

23. The Head of Investment and Stewardship provided the Committee with an update on the Strategic objectives for the investment Consultant (IC). The Committee approved the updated Strategic Objectives for the IC of the Fund in line with CMA requirements.

LGPS Update (Background Paper)

24. The Assistant Director, LGPS Senior Officer highlighted the recently received letter from the Minister for the Department for Levelling up, Housing & Communities [Annexe 1](#) regarding efficiencies in Local Government and the Management of the Local Government Pension Scheme.

25. The Assistant Director, LGPS Senior Officer agreed with the Chair to circulate the response with the Committee members once the new minister has been appointed and the response sent.
26. The Committee noted the report providing the update of recent developments in the Local Government Association (LGPS).
27. A Member of the Committee requested clarification on the meaning on the Cost Cap. The Assistant Director, LGPS Senior Officer provided an explanation, that the Cost Cap is considered for the whole of LGPS and not just for the Surrey Pension Fund. There are two factors that would trigger a change in scheme benefits, both the Scheme Advisory Board's and the Treasury's trigger point would need to be surpassed. Overall, this means the mechanism has not been breached at this time and therefore the Government is not proposing to make any changes to scheme benefits.

Responsible Investment Update

28. The Committee noted and received an update from Minerva on the alignment of the Responsible Investment policy (RI) to industry best practice.
29. The Committee noted the report from Mercer, the Funds Investment consultant (IC) on the investable universe in relation to potential Net Zero dates. It was agreed to keep the Net Zero date as 2050 or sooner.
30. The Committee noted another report by Mercer on the potential impact of excluding the largest 25 fossil fuel companies globally from the Fund's investment universe. The final annexe showed the Fund's exposure to each of the companies in the list of 25.

Actuarial Update

31. An update report was received on the actuarial contract for services to the Fund and the Employer Manager provided Members explained the reasons for proposing extending the current contract. The re-tender for the actuarial services will now be scheduled for April 2026. The Committee agreed the extension of the contract with Hymans Roberson for the continued provision of actuarial services to 30 September 2026.

Asset Class Focus - Equity

32. This quarter a report was received by the Committee on Equities Investments. The Committee noted the Fund's Equity holdings, their performance, and the review from the Fund's Independent Investment Advisor.

Real Estate Update

33. The Committee noted the review by the investment consultant (IC) of the Border to Coast Pension Partnership (BCPP) BCPP UK Real Estate funds.

Border to Coast

34. The Committee received an update from the Assistant Director, LGPS Senior Officer, asking the Committee to note details of the proposed Border to Coast 2030 Strategy, together with the minutes of the Border to Coast Joint Committee meeting 26 March 2024.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR FINANCE AND CORPORATE SERVICES COMMENTARY:

38. The Interim Executive Director Finance and Corporate Services is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

39. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

40. There are no equality or diversity issues.

OTHER IMPLICATIONS:

41. There are no other implications.

NEXT STEPS:

42. The following steps are planned:

- a) Further updates will be provided to the Board at its next meeting on 15 November 2024.

Contact Officer:

Colette Hollands, Interim Head of Accounting and Governance

Annexes:

1. None

Sources/Background papers:

1. MySurrey Update – Local Pension Board (17 May 2024) – [Annexe 2](#)
2. MySurrey Update – Pension Fund Committee (21 June 2024) - [Annexe 1](#)
3. Letter from Department of Levelling up, Housing & Communities – [Annexe 1](#)
4. ESG report for Border to Coast Emerging Markets (PFC 21 June 2024 – [Annexe 4](#)

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SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D’ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: SURREY PENSION TEAM OVERVIEW – QUARTER 1

SUMMARY OF ISSUE:

This paper is 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. The dashboard covers the period March - June 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.

We’d like to draw your attention to the formatting for this set of Board papers. You may have noticed slight changes to the layout. These changes have been made following the Board and Committee Paper review last year and ensure that the template is now in line with accessibility best practice – particularly for those using e-readers. Any information posted on SCC websites must now pass accessibility checks.

RECOMMENDATIONS:

It is recommended that the Local Pension Board:

1. Note 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:

The dashboard can be viewed on slide 2 of Annexe 1.

1. The Fund value and level has increased in the last quarter. There are some performance figures which are slightly below target but these are within the tolerance of normal fluctuations.

2. The Legacy Reduction rate continues to look strong. There are some fluctuations in the Service Delivery figures, but this is a complex area and will be explained in detail in the Service Delivery report.
3. The Audit figures have been re-set for this current financial year based on the audit schedule. There are 4 audits not yet started with 2 audits carried over from the last financial year.
4. The third pulse staff survey closed on 30 June 2024. The details in the People and Strategy section are reliant on these results and will therefore be updated for the next report so there are no changes to these figures since your last viewing.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

8. The Interim Executive Director of Finance and Corporate Services is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

10. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

11. There are no equality or diversity issues.

OTHER IMPLICATIONS:

12. There are no other implications.

NEXT STEPS:

13. The following steps are planned:
 - a) The dashboard will continue to be updated on a monthly basis.

- b) Following a discussion in the latest PFC meeting, we will be including a new metric on the dashboard to show the current vacancy rate. This will be available shortly.
 - c) We are investigating mechanisms to post the dashboard to PFC and Board members as well as onto our SPT website following a recommendation from the Committee.
-

Contact Officer:

Neil Mason, Assistant Director - LGPS Senior Officer

Annexes:

- 1. Surrey Pension Team Dashboard – Annexe 1

Sources/Background papers:

- 1. None

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Surrey Pension Team Dashboard Metrics Glossary

1 July 2024

Surrey Pension Team Dashboard



Page 54

Last Update 01/07/2024 ?

Service Delivery

% Within SLA

Grants & Surv..	54.0%	▼
Retirements..	79.1%	▲
Transfers Paid	88.9%	▼

Target Adherence

-9.8%	Less than previo..
10.0%	Above last KPI
-4.3%	Less than previo..

Data Score

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

Pass Rate Adherence

No Change	◆
No Change	◆

1st Point Fix

74.0%

Last Update 01/04/2024 ?

Fund Performance

Fund Value

£5.80bn

Funding Level

135%

	3 Month	Rolling 1 Year Fund Performance	Rolling 3 Year Fund Performance
Fund Performance	5.3%	11.3%	5.3%
Performance Relative to Benchmark	-1.4%	-4.0%	-2.2%
Strategic Target Return	5.0%		

Last Update 01/07/2024 ?

People

Retention	98.6%	▼	-1.4%
Health & Wellbeing	82.0%	▲	1.7%
Diversity	80.8%	▲	0.7%
Engagement	73.9%	▲	2.1%

Last Update 01/07/2024 ?

Accounting and Governance

Internal Audit Ratings

Substantial	●	0	4 Not yet started
Reasonable	●	0	
Partial	●	0	
Minimal	●	0	
No Opinion	●	0	

Admission Agreements

New Agreements	3
Pending	24

Contributions

Contributions In	£54.90m
Contributions Out	£60.40m

Last Update 01/07/2024 ?

Legacy Reduction

Accounting & Governance

35.0%

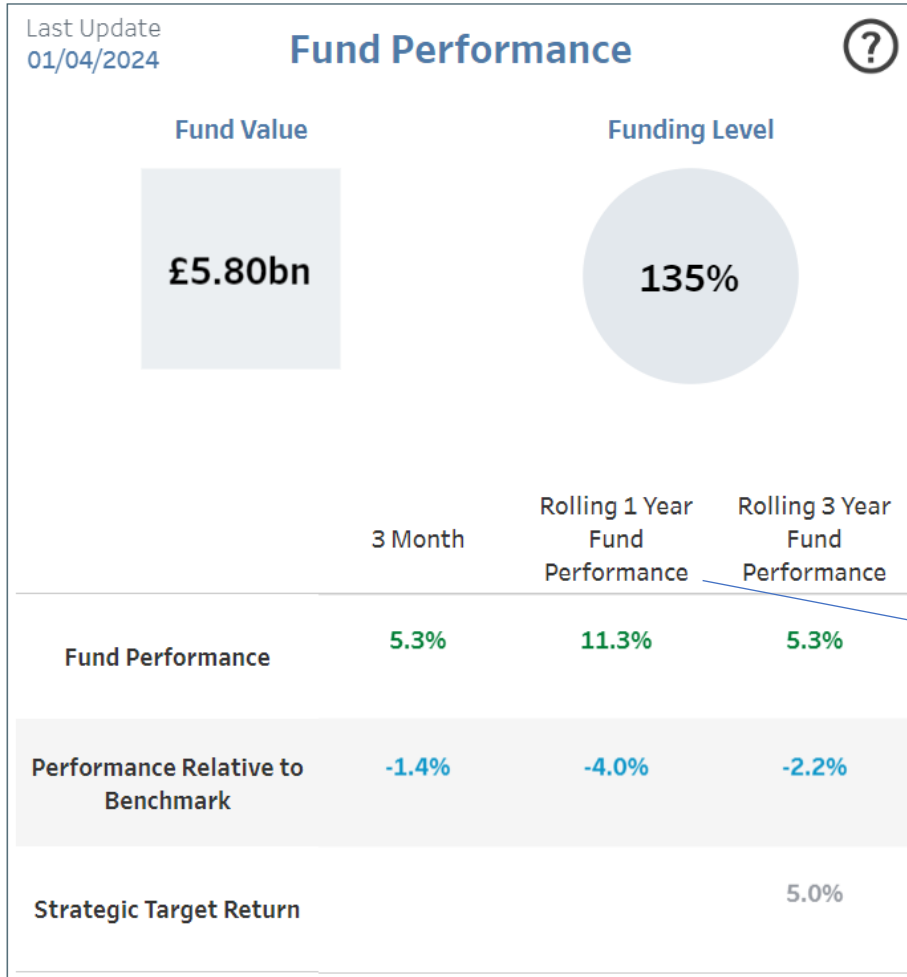
Service Delivery

73.0%

Last Update 05/01/2024 ?

Strategy

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



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.

Measure a rolling 3-year fund performance percentage rate

Indicates percentage difference between actual performance and the benchmark performance percentage

Measure 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

Updated 04/07/24

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

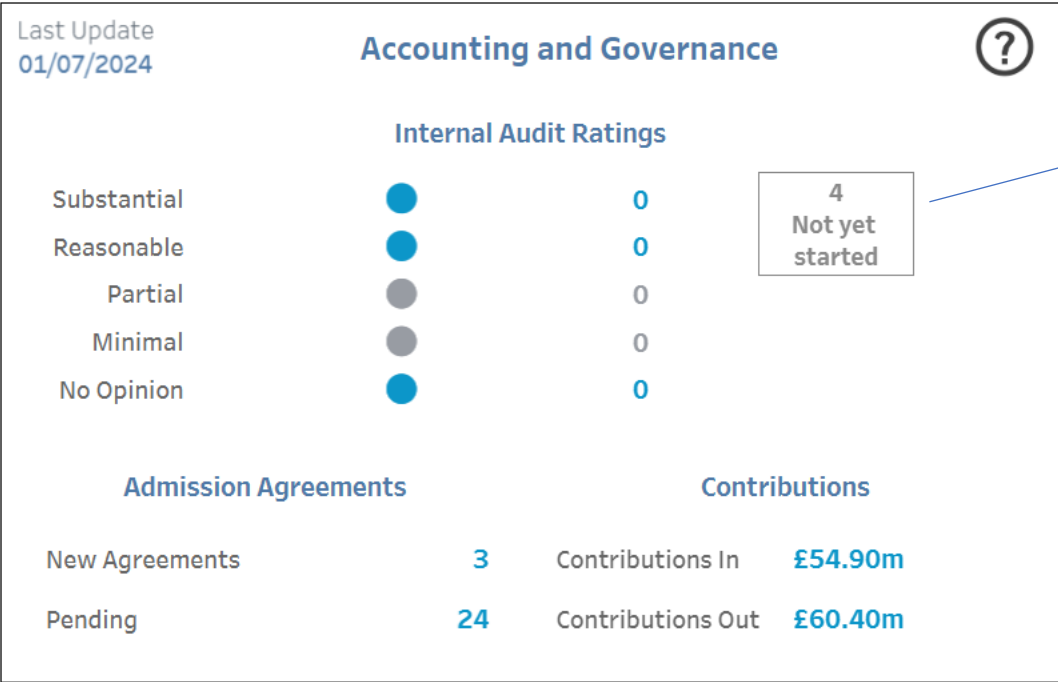
No Opinion indicates further audit work required to produce rating.

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

The number of internal audit ratings by category.

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 and 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



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

Contributions In = Receipts from 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.

Update Frequency:
Quarterly: Admission Agreements; Contributions
Annually: External Audit
Quarterly: Internal Audit Ratings

Down/Up Arrow = Indicates Increase (Up arrow) / decrease (Down arrow) compared to the previous update of data

Indicates % increase / decrease compared to the previous update of data

Percentage completed within SLA

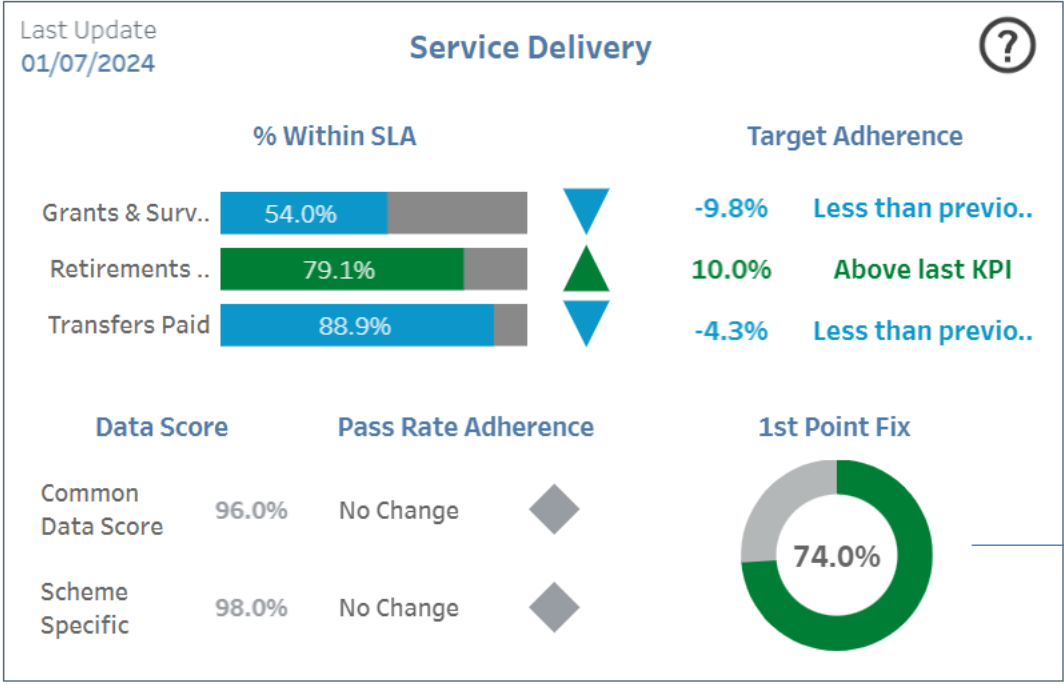
Consists of Death Grants and Survivor Benefits processed within the SLA

Consists of the percentage of Retirements Complete & ill health Retirements Complete within the SLA

Consists of the percentage of all Actual measures of LGPS & Non-LGPS Transfers In & Out processed within the Service Level agreement (SLA)

Data scoring for data including member NI Number , Name , Gender, DOB, Status, Commencement Date & Address

Data accuracy scoring for data including Member Details, Member Benefits, CARE, HMRC, and Contracting Out.



On Target = At or above 90%

On Target = At or above 85%

On Target = At or above 80%

Non-targeted percentage of cases resolved with the first point of contact in the Customer Relationship Team

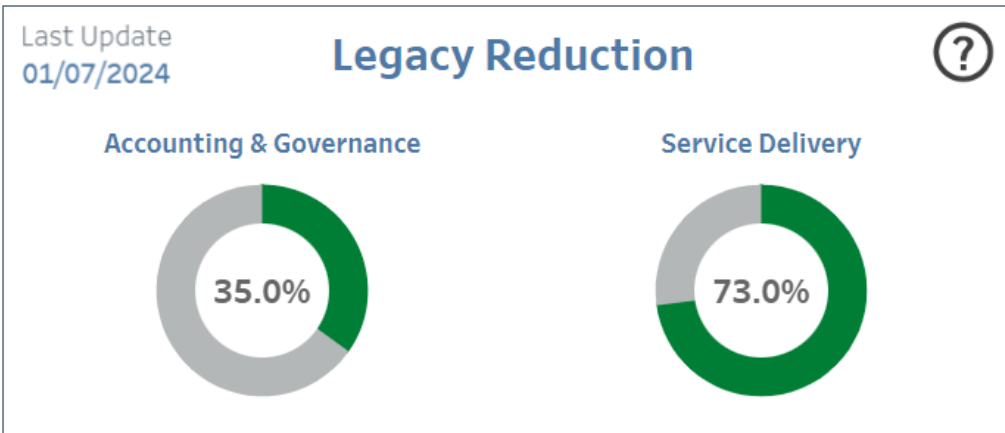
Data Scores Achieved on report from Heywood Analytics run on our member data. The % of member data that passed the checks made.

Indicates whether the data set exceeded the Pass Rate (Pass) or was below the Pass Rate (Below Target)

Update Frequency :
 - Annually: Data Scores
 - Monthly: All other Measures

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

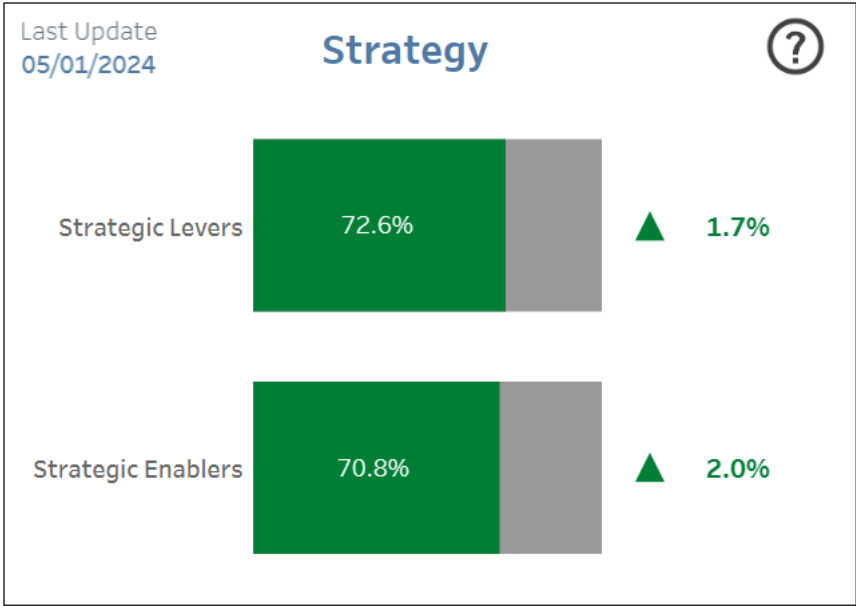
Updated 04/07/24

The Strategic Plan introduced in 2023 is built around Strategic Levers and Strategic Enablers. Measures of these have been captured here via weighted percentage averages of the related PULSE survey responses.

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

Indicates percentage change since previous set of data.

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 numbers of responders divided by weighted responses.
 Benchmark = 70% +



Communication:
Weighted percentage average based on responses to the following questions from the PULSE survey: 44*

Ready For Tomorrow:
Weighted percentage average based on responses to the following questions from the PULSE survey: 29,61*

Investment Expertise:
Weighted percentage average based on responses to the following questions from the PULSE survey:63*

Customer Focus:
Weighted percentage average based on responses to the following questions

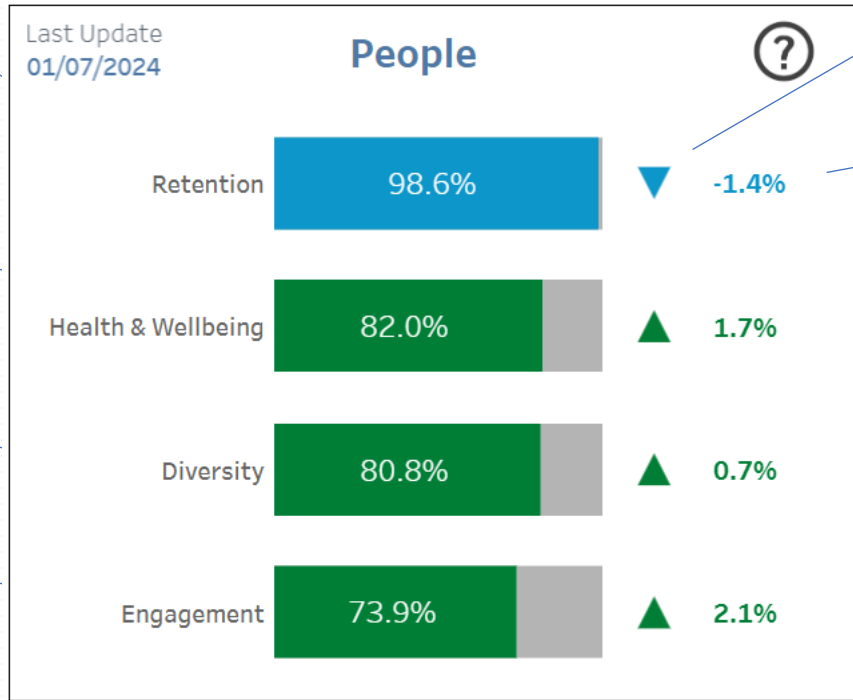
System & Processes:
Weighted percentage average based on responses to the following questions from the PULSE survey: 64*

Culture & Values:
Weighted percentage average based on responses to the following questions from the PULSE survey: 25,26*

Update Frequency:
Every 6 Months: All Measures
* PULSE Survey Questions on Page 8

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

Employee retention rate for the most recent quarter.



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

Indicates percentage change since previous set of data

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*

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 response.

Benchmark =70% +

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

* PULSE Questions listed on Page 6



SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D’ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: CHANGE MANAGEMENT UPDATE

SUMMARY OF ISSUE:

This paper details the Change Team Quarterly Report of activity for the period April – June 2024.

RECOMMENDATIONS:

It is recommended that the Local Pension Board:

1. Note 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:

This report details the following areas of interest:

1. Communications
 - a) 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 Amplifying our Presence plan.
 - b) During this period, the Surrey Pension Team were nominated for 4 Professional Pensions: Rising Star Awards 2024 - 3 individual members of the Surrey Pension Team and 1 for the Award for Supporting Development. Surrey Pension Team was also nominated for 3 Professional Pensions: Women in Pension Awards 2024
 - c) Launched the new templates for Board and Committee Reports.
 - d) Produced an LGPS Overview presentation for the LGA Communications Working Group for use for all LGPS Funds to use during Pensions Awareness Week.

2. Learning & Development

- a) The first 2024/25 Pulse staff survey was launched, with respondents asked to complete their submissions by the end of June. The results will be analysed during the next quarter to measure progress in key areas of our workforce strategy and to identify areas for further improvement.
- b) A Lunch and Learn session was presented on Neurodiversity to support work on Equality Diversity and Inclusion (EDI).
- c) Plans for the initial residential Board & Committee training event were progressed with work on drawing up a detailed agenda and securing speakers.
- d) An SPT branded performance conversation template was created and support for the new quarterly performance management cycle, with the introduction of a performance rating system, was provided at Whole of Pensions.
- e) We have supported a further 3 colleagues to commence Certificate of Pension Administration qualifications on the latest course which started in May.
- f) A comprehensive training document for Manager training opportunities was created, ready for launch to the Extended Leadership Team (ELT) in early July.
- g) All line managers with SPT have attended 3 in-person training sessions provided by SCC on Managing High Performing Teams. Work has taken place in preparation for an ELT meeting in early July to discuss how key elements of this can be progressed within SPT.

3. Project Management

- a) 8 Projects have been transferred to business as usual.
- b) 8 Projects are still ongoing and are on track. Further information is provided in Annexe 1.
- c) The most significant projects currently on the agenda are McCloud, GMP and evolving our governance.

4. Transformation

- a) An external consultant is sought to advise further on the Y2/3 plans for the digital transformation strategy which is currently in development. Simpler, Y1 transformations have kicked off, these are primarily looking at value stream mapping key cross functional processes to identify the key areas for digitisation. Key forms completed by employers on the website are also under review with the aim of making them first accessible and then digitised.

- b) The main focus of activity for the Change Team is constructing a business case outlining proposed options for evolving the governance of SPF. This will be brought to the September Committee.
- c) Initiatives to evolve the culture of the SPT began in the Whole of Pensions in May. The focus was on aligning individuals purpose with the values and mission of the SPT. Further interventions are planned throughout the year.
- d) A plan to increase the leadership capability of the Extended Leadership Team has been tabled and approved and is now in action. The plan focuses on improving cohesion of the people in the team by raising awareness of roles and responsibilities and how they interconnect. A suite of Leadership training has been collated into a single resource to improve development discussions and planning. Finally, a mechanism to formalise continuous improvement activities is in development.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

- 8. The Interim Executive Director of Finance and Corporate Services 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.

OTHER IMPLICATIONS:

- 11. There are no other implications.

NEXT STEPS:

12. The following steps are planned:

- a) Starting to progress some of the recommendations of the digital transformation strategy and confirmation of the plans for outer years.
- b) The Governance business case will be finalised and presented to the September Committee.
- c) Pulse survey results will be analysed and reported.
- d) Commencing implementation of the ELT capability programme.
- e) Work will start on proposals for SPT High Performing Teams and the EDI Programme.
- f) The delivery of our first short-form interview video with a member of PSLT covering topics in line with the strategic plan. It will be available to members via LinkedIn and the Surrey Pension Team website.

Contact Officer:

Nicole Russell, Head of Change Management

Annexes:

1. Projects April – June 2024 Annexe 1

Sources/Background papers:

1. None

Projects April – June 2024

Projects transferred to the team to continue as business as usual:

1. Unit 4:

With the works for moving from SAP to Unit 4, a need was identified for a change project to align all departments individual efforts towards this transition, ensuring all prerequisites are in place and to organise the workload once it goes live. This then continued with all the issues post go-live and will continue until everything has been resolved.

Status: The teams are working closely with colleagues in SCC to resolve the outstanding issues.

2. Banking Controls:

The aim is to ensure appropriate governance within the service through maintaining pension banking controls separately from those of the general Surrey County Council account. By bringing these within the full remit of the Surrey Pension Team, we aim to achieve this and also satisfy audit requirements.

Status: The outstanding element of EBS uploads now resides with the Finance Team.

3. Value Stream Mapping – New Entrants: To streamline and improve processes, specifically regarding New Entrants, leading to correct set up and pension calculations and increased efficiency, while minimising errors.

Status: Service Delivery will be looking at the New Entrants process to see where improvements can be made.

4. Value Stream Mapping – Transfers In: To streamline and improve processes, specifically regarding Transfers In, leading to correct set up and pension calculations and increased efficiency, while minimising errors.

Status: Service Delivery will be looking at the Transfers In process to see where improvements can be made.

5. Injury Allowances:

There are 14 people in receipt of an injury allowance being paid on Surrey Payroll S97. These cases need to be reviewed to ascertain if they should still be in payment (in accordance with the relevant Council policy). And it would be normal for these payments to be charged to the employer. There is no indication that this is happening.

Status: The team have been sent a summary of progress along with all relevant documents and will complete as business as usual.

6. Teachers CAY:

Currently there are over 800 LEA & other employers, ex-teachers receiving compensatory added years or mandatory pensions. These are being paid from Altair (S97 scheme/payroll) and whilst they are being recharged

centrally, the SPT is not responsible for these. This project will be to explore that recharges are being made correctly and to explore other options for making these payments (i.e. hand over to the employers or Teachers' Pensions).

Status: Finance are engaging with the team to ensure that the recharges are not hitting the pension fund and they own the charges.

7. Combined Benefit Recharges:

Currently there is no defined process or ownership in place for a small number of cases of combined benefits. As there are so few, and they are recharged at different times (quarterly/annually), a consistent, documented process needs to be put in place for these cases.

Status: The team to ensure that they are paying them and, in the system, and the process is understood and followed going forward.

8. Legacy Governance: As part of our Strategic Plan - Fit for Purpose Lever - we are focused this financial year on significantly reducing our Backlog in the Service Delivery and Accounting & Governance areas.

Status: This is being managed by Service Delivery and Accounting & Governance.

9. Actuary Retender: End of Hymans contract is approaching so there is a need to tender for a new contract.

Status: A decision was made to extend the current Hymans contract until 2026.

Ongoing projects:

10. Internal Documents & Standards:

Currently, there is no standardisation of document storage location. With the removal of the G drive, it is an appropriate time to look at moving documents from the G drive to an agreed location moving forward, where standardisation can be developed. A new SharePoint site is to be created.

Status: Two teams still to move to the new SharePoint site. Then to liaise with IT to change the G Drive to read-only.

11. Lunch & Learn programme: Fortnightly sessions held virtually to cover both wellbeing topics alternated with more technical/topical work-related topics.

Status: Lunch & Learn sessions currently booked until October 2024.

12. GMP:

There is a requirement to establish a guaranteed minimum pension for all members, recalculation and updating records required. This work is being carried out by Aptia (previously Mercer).

Status: Working with Aptia on a plan for the works to be carried out by February 2025.

13. McCloud:

As a result of the McCloud case judgement, all public sector pension schemes must revisit their CARE schemes to revise underpinning calculations. There are two stages: the first to gather information from employers/payroll providers. This will be validated using a third-party provider (ITM). The second stage will be the updating of records once regulation has been finalised. This will allow 2 years to correct records from this point.

Status: Testing of the Altair interface currently underway with a plan in place to have records updated over the next few months.

14. Responsible Investment:

Historically, there has been no responsible investment policy in place. The production of a policy was outsourced to Minerva, the new policy is now up for approval and following this a member consultation may take place. The main fund focus currently is to focus on ESG investments, and the implementation of this new policy will enable this. The project relates to the implementation of the new policy. This will be an ongoing process with quarterly reviews and work plans to be put in place.

Status: Awaiting the outcome of the Stewardship code application. Priorities for 2024/25 agreed.

15. Consumer Insights: Understand our current service provision and areas of improvement. Procure provider to undertake independent customer feedback across the whole one pensions team.

Status: Feedback received from the Focus Groups to be analysed.

16. Digital Transformation:

Digital transformation is a key ingredient to our strategic plan to ensure that we continue to innovate and use our resources as efficiently and effectively as possible. The SCC Digital Design Team have completed their discovery process to understand the improvement areas and opportunities that will enable us to be innovative and fit for purpose with particular reference to those where a digital solution will have a beneficial impact.

Status: To address key recommendations based on the outcomes of the SCC Digital Design Team discovery report.

17. Governance:

It is crucial for the SPF to minimise conflicts of interests with its Local Authority and to ensure it is isolated from a changing political landscape to effectively enact its role as guardians and stewards of the pension fund in perpetuity. Additionally, the Fund wishes to have the autonomy to lead the fund in the best interests of its people and customers. This project seeks to understand how we can enact these aims by examining changes to our governance, people, systems, and infrastructure. The first phase will concentrate on identifying potential changes to our governance then conducting stakeholder engagement to get buy in to these principles.

Status: The business case to be finalised and presented to the Pension Fund Committee in September.

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SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D’ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: SERVICE DELIVERY OVERVIEW

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:

It is recommended that the Local Pension Board:

1. Note the content of this report.
2. Make any 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. 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 85%, a reduction of 3% on the previous quarter.
4. The team continued to exceed the expected target for cases such as transfers, refunds, deferred benefits and issuing the acknowledgement of members who have passed away however, the performance levels for areas such as retirements, survivor benefits, and the payment of death grants has not met the expected standards.
5. The Immediate Benefits Team has been impacted by varying factors such as staff absence and team vacancies however, it is recognised that as a service we must be able to cope with impacts like this and increase our resilience levels.
6. Having assessed performance over the past 12 months, a decision has been taken to re-organise the Immediate and Future Benefit Teams and blend the two teams. There will now be two Benefit Teams made up of staff carrying out work that was previously split into immediate and future benefit case work, rather than it being segregated.
7. Whilst the staff on the whole will continue to carry out their existing roles, the newly blended teams will now see staff trained in a wider range of case types and offer the ability to flex our resource to meet the business needs. This broader knowledge and enhanced skill set across the teams will also provide an increased resilience level to deal with factors such as absences, without such a significant impact on performance.
8. In addition to this, our Trainee Team will continue to provide a flexible workforce and proactively support the priority work, which will not only increase the Services ability to meet customer expectations, but it will enhance the development of our staff and build their knowledge in line with development plans.
9. **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**.
10. Additional information has also been supplied within **Annexe 3** that presents a summary of the most common categories of cases being terminated.

Complaints

11. During this period there were 7 complaints received. Details of these complaints can be found at **Annexe 4**.

Internal Dispute Resolution Procedure (IDRP) and Pensions Ombudsman Cases

12. Stage one appeals determined: No appeals in this period.

13. Stage two appeals determined: No appeals in this period.

Pensions Ombudsman Appeals

14. Four appeals have been raised during this period:

- a) The Adjudicators Opinion was received following a member appealing the tier of ill health awarded. The employer is to obtain a further report from an Independent Registered Medical Practitioner, addressing the tests for each tier, together with addressing any contrary medical opinions with reasons and clarify if there are any untried treatments or current treatments. The employer is to award compensation for significant stress and inconvenience caused.
- b) An appeal originally submitted to the Pensions Ombudsman in 2021, where a member complained they should not have been allowed to transfer out their LGPS benefits and in-house AVCs in 2013 and wished for their benefits to be re-instated, was allocated for investigation in May 2024. The member has now withdrawn their complaint as they are now actively working with the Fraud Compensation Fund to seek compensation.
- c) The Pensions Ombudsman requested further information to assist with their investigation of a complaint originally submitted in 2022, for a member who received an inaccurate estimate of pension benefits, which informed their decision to take early retirement. Surrey Pensions awarded the member compensation at stages 1 and 2 of the IDRP. The level of compensation is being disputed for the distress and inconvenience experienced and the member is also seeking compensation for financial loss.
- d) A member whose pension was brought into pay on the grounds of ill health from deferred status, is disputing that the employer should have awarded a tier 1 ill health benefit from the date they originally left employment in 2013.

15. Non-financial injustice redress is assessed in line with the Pensions Ombudsman guidance. Further information about this can be found by clicking on this [link](#).

Breaches Log Update

16. There are no breaches to report this quarter.

Customer Relationship Team (CRT) Update

17. During this period the CRT managed a total of 10,346 enquiries. At the initial point of contact an average of 82% of these were successfully resolved.
18. The queries managed by the CRT during this period are grouped into the following categories:

Communication Channel	Volume
Call backs	94
Telephone	5,560
Email	4,692
Total	10,346

19. There has been an increase of approximately 600 customer interactions in this period, which is not unexpected at this time of year with annual benefit season upon us.

Guaranteed Minimum Pension (GMP)

20. After a detailed review from officers working on this project to date and with an eye on moving this work forward, it has been agreed to re-plan and scope this work with our current provider.
21. Re-engagement has begun with Aptia over the proposed work to be carried out for this project. A review of the previous data has been carried out by members of our team, which has provided increased clarity over the case types that are in scope, where exclusions should be made and, where any agreed assumptions are necessary.
22. The next key actions will be for Aptia to provide a revised set of reporting requirements, to ensure the correct level of member detail is provided to carry out the analysis and rectification. There is also the pressing need to devise a new plan that will ensure this work can be correctly resourced and delivered within an agreed time frame.
23. The project team in place to do this are currently in conversation with Aptia to agree this and we expect this work to recommence in July.

McCloud

24. The system configuration work continues to progress, with work being carried out on the bulk interface tools and the running of calculation tests after the latest upgrades. With further guidance having been issued by DLUCh, GAD and the LGA, further scenario testing is ongoing to ensure the functionality remains compliant.

25. The data evaluation work is ongoing, preparing the employer returns in readiness for it to be uploaded to the database. Member service break data has now been fully cleansed, with the team moving onto the member service history.
26. Once the data has been moved into the live database and testing is finalised, a series of reports will be run to identify those members who will require remediation work. Detailed plans will be drawn up for this shortly, ensuring we understand the resource requirements and time scales to deliver this by the March 2025 deadline.

Annual Benefit Statements

27. The end of year work has been progressing well this quarter. As of 30 June 2024, 46,014 deferred benefit statements have been issued, representing 99.95% of the total amount expected to be issued.
28. The production and issuance of active benefit statements is expected to start the week commencing 15 July 2024, once the final checks and tests have been completed.

Monthly Employer Returns (iConnect) Roll Out

29. As of 30 June, 2024, 181 out of 343 (52%) employers have been onboarded to iConnect, which represents circa 26,000 (72%) of the active membership.
30. The next major enrolment will be for those employers who use EduPay as their payroll administrator, which will see a further 42 employers onboarded.
31. The roll out is on track to have 100% of employers onboarded by the end of the 2024/25 financial year, which will support the future end of year and annual benefit statement production.

Legacy Case Reduction

32. Please see **Annexe 5** for detailed report.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

36. The Interim Executive Director of Finance and Corporate Services is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

37. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

38. There are no equality or diversity issues.

OTHER IMPLICATIONS:

39. There are no other implications.

NEXT STEPS:

40. The following steps are planned:

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

Contact Officer:

Tom Lewis – Head of Service Delivery

Annexes:

1. Quarterly Performance Summary Annexe 1
2. Quarterly Performance Trend Analysis Annexe 2
3. Terminated Case Summary Annexe 3
4. Complaints Summary Annexe 4
5. Legacy Project Review Annexe 5

KPI Performance: Apr - Jun 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%	97%	3	205	205	2	8	1
SURVIVOR'S PENSIONS (tPR)	10 working days	90%	68%	14	86	80	18	13	14
DEATH BENEFITS PAYABLE (tPR)	10 working days	90%	58%	27	71	66	32	6	29
BALANCE OF PAYMENTS (tPR)	10 working days	90%	73%	78	208	200	78	4	23
RETIREMENT (COMPLETE) (tPR)	15 working days	85%	66%	227	485	383	308	38	48
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	15 working days	90%	80%	-	8	5	3	1	36
REFUNDS (tPR)	20 working days	80%	100%	75	822	668	211	255	19
RETIREMENT (INITIAL NOTIFICATION)	15 working days	80%	74%	324	782	646	433	106	40
ILL HEALTH RETIREMENT (INITIAL)	15 working days	90%	92%	5	17	13	6	4	28
DEFERRED STATUS	40 working days	80%	95%	327	596	593	249	195	25
EMPLOYER ESTIMATE	10 working days	80%	66%	18	42	50	10	19	12
LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	95%	151	308	311	121	118	23
NON-LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	100%	9	11	10	8	2	48
LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	95%	64	207	225	35	74	9
NON-LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	100%	14	60	59	15	8	15
LGPS TRANSFER IN (ACTUAL)	20 working days	80%	90%	321	496	605	187	88	19
NON-LGPS TRANSFER IN (ACTUAL)	20 working days	80%	87%	17	20	23	13	2	34
LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	92%	98	196	223	58	31	16
NON-LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	95%	4	24	20	7	6	21
NEW STARTER	30 working days	80%			793	793			
TOTAL CASE NUMBERS			85%	1,776	5,437	5,178	1,794	978	

Summary

Transfers, refunds and death notifications are all above target

Retirements, death grants and survivors benefits are all below target

We have taken a decision to blend the benefits processing teams to build more resilience around the retirements, survivors and death grants processing

This will allow us to build on the successes in transfers, refunds, and death grants and allow us to flex resources to respond to these cases within the targets

This change is from the beginning of Q2 2024-25

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Performance Trend Analysis

Case Type	KPI Performance Comparison				Future Workload Time Comparison			
	2023/24		2024/25		2023/24		2024/25	
	Q2 % completed within SLA	Q3 % completed within SLA	Q4 % completed within SLA	Q1 % completed within SLA	Q2 Future Workload	Q3 Future Workload	Q4 Future Workload	Q1 Future Workload
DEATH NOTIFICATION (tPR)	78%	84%	98%	97%	1 day	1 day	1 day	1 day
SURVIVOR'S PENSIONS (tPR)	75%	82%	85%	68%	10 days	6 days	10 days	14 days
DEATH BENEFITS PAYABLE (tPR)	79%	79%	72%	58%	24 days	24 days	30 days	29 days
BALANCE OF PAYMENTS (tPR)	88%	86%	88%	73%	14 days	19 days	18 days	23 days
RETIREMENT (COMPLETE) (tPR)	74%	76%	85%	66%	40 days	29 days	25 days	48 days
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	43%	75%	92%	80%	24 days	15 days	0 days	36 days
REFUNDS (tPR)	98%	99%	99%	100%	7 days	9 days	6 days	19 days
RETIREMENT (INITIAL NOTIFICATION)	77%	92%	91%	74%	33 days	18 days	30 days	40 days
ILL HEALTH RETIREMENT (INITIAL DEFERRED STATUS)	64%	93%	90%	95%	10 months	41 days	21 days	25 days
EMPLOYER ESTIMATE	51%	65%	72%	66%	16 days	7 days	23 days	12 days
LGPS TRANSFER IN (ESTIMATE)	89%	97%	93%	95%	81 days	19 days	18 days	23 days
NON-LGPS TRANSFER IN (ESTIMATE)	100%	100%	100%	100%	215 days	26 days	30 days	48 days
LGPS TRANSFER OUT (ESTIMATE)	93%	98%	99%	95%	24 days	15 days	14 days	9 days
NON-LGPS TRANSFER OUT (ESTIMATE)	100%	98%	96%	100%	62 days	24 days	17 days	15 days
LGPS TRANSFER IN (ACTUAL)	85%	94%	83%	90%	60 days	23 days	33 days	19 days
NON-LGPS TRANSFER IN (ACTUAL)	84%	97%	100%	87%	60 days	38 days	30 days	34 days
LGPS TRANSFER OUT (ACTUAL)	78%	91%	90%	92%	36 days	41 days	30 days	16 days
NON-LGPS TRANSFER OUT (ACTUAL)	100%	90%	77%	95%	41 days	32 days	11 days	21 days
Average Score	80%	88%	88%	85%				

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		Green = tolerable performance measure met Amber = within 10% of tolerable performance measure Red = more than 10% of tolerable performance measure
Future workload tolerance		Green = less than 1 times the performance standard Amber = within 1 - 2 times more than the performance standard Red = more than 2 times the performance standard

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
Refunds	255
Deferred Status	195
LGPS Transfer In (Estimate)	118
Retirement (Initial Notification)	106
LGPS Transfer In (Actual)	88
LGPS Transfer Out (Estimate)	74

*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>

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Annex – Complaints from April to June 2024			
Case number	Date Received	Root Cause	Details of Complaint
SUR109002	09/04/2024	Poor Communication	<p>The complaint concerned the delay in transfer out to The People's Pension. The complaint was not justified, we have continued to respond to The People's Pensions new, additional and duplicates requests, the delay has not been due to us. The member did confirm that they have complained to both pension schemes.</p> <p>Apologised and promised to monitor the case going forwards</p> <p>Resolution Date: 19 April 2024 Agreed Actions: Apology/Information Given</p>
SUR644205	29/04/2024	General Enquiry	<p>Complaint regarding the McCloud judgement, as the SPT have not informed the member if their pension would be increasing. Member emailed twice and has not received a response following an email from the SPT about the McCloud ruling on 22 December 2023.</p> <p>Complaint not upheld as previously advised not to contact us about the McCloud remedy, and that we would contact members that are affected to inform of any changes to their pension entitlement.</p> <p>Resolution Date: 14 April 2024</p>
SUR254838	29/04/2024	Poor Communication	<p>The complaint was regarding an address being updated via an employer submission. Advice given on process and recommended to update address with employer directly.</p> <p>Resolution Date: 14 May 2024 Agreed Actions: Advice/Information Given</p>
SUR852098	08/05/2024	Poor Communication	<p>This complaint relates to member seeking trivial commutation and was initially told not eligible under the old regulation. Due to some changes, the member was put on hold for a re calculation. Ultimately, the member was not awarded trivial commutation and was provided with a calculation. The member is unhappy with the response and has been referred to the IDRP stage.</p> <p>Discussion with Technical team regarding the IDRP response was undertaken.</p> <p>Agreed Actions: Advice/Information Given</p>
SUR240150	13/05/2024	Service Quality/Delivery	<p>Complaint regarding delays in providing a deferred pension quotation.</p> <p>Complaint upheld as pension quote issued outside of 15 working day KPI. Apology issued and pension has now been put into payment.</p>

Annexe 4

			<p>Member further complained about delays in reissuing a returned payment after the bank account provided could not accept the Lump Sum and initial pension payment. Delay in SPT being informed of the return by the fund to enable payment to be reissued. Member taking complaint to IDRPs for investigation of complaint and comment on potential lost earnings in interest.</p> <p>Resolution Date: 24 June 2024 Agreed Actions: Advice/Information Given and Service provided</p>
SUR794966	21/06/2024		<p>The member is complaining about the delay in receiving their deferred pension and has not been given a reason for the delay. Although the deferred pension is now in payment, a full response will be provided to the member.</p> <p>Date due for resolution: 05 Jul 2024</p>
SUR522731	25/06/2024		<p>This complaint concerns the delay in processing a deferred pension quote initially submitted via the member self-service portal. This issue has been escalated to the Immediate Benefits Manager for resolution, and a full response will be provided once the investigation is complete</p> <p>Date due for resolution: 08 Jul 2024</p>

Service Delivery Legacy Project Update

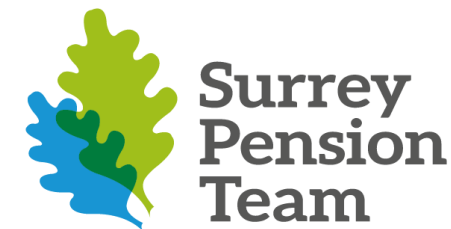
Legacy Project

Quarterly Update (April – June 2024)



1. As part of the phase 2 work, whereby transfers and aggregations are the key focus, the team have initially concentrated on interfund and intrafund quotations.
2. There have been several training sessions in flight, developing the Legacy Team's knowledge in this area.
3. This has included the creation of new training material and guidance documents to ensure there is consistency in the approach taken.
4. There has been a progress completion increase of **10%** in this quarter.
5. It was anticipated during the early stages of phase 2 that progress would plateau due to:
 - i. Team training
 - ii. Case analysis
 - iii. Changes to tasks / workflows
 - iv. Waiting periods for member responses (4 weeks)
 - v. During this waiting period, the team will continue processing:
 - a. Aggregations
 - b. Deferred (which now have data from employers)
 - c. Refunds

Legacy Project Progress Breakdown

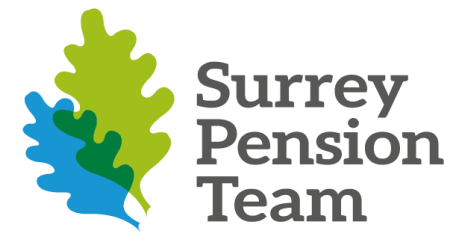


Project Phase	Case Category	Number of Cases Completed	Number of Cases Terminated	Number of Open Cases	% Complete (inc Terminated)
Phase 1	Deferred - Actual	4,379	1,451	656	89.89%
	Refund	1,183	567	7	99.60%
	Transfers IN	106	8	2	98.28%
	Pending Allocation	0	0	628	0.00%
Phase 2	Concurrent	131	247	1,032	26.81%
	Transfers IN	669	430	983	52.79%
	Transfers OUT	62	72	135	49.81%
	Pending Allocation	8	4	203	5.91%
Total		6,538	2,780	3,646	72.88%

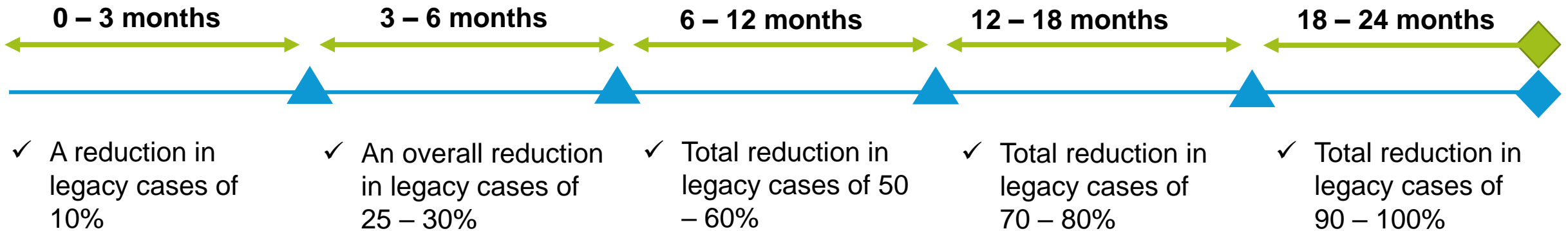
*Terminated cases form part of completion rates due a case assessment having been made.

Legacy Project Deliverables

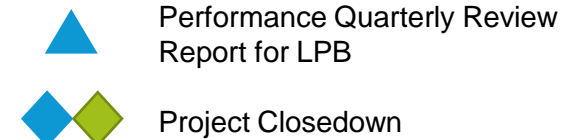
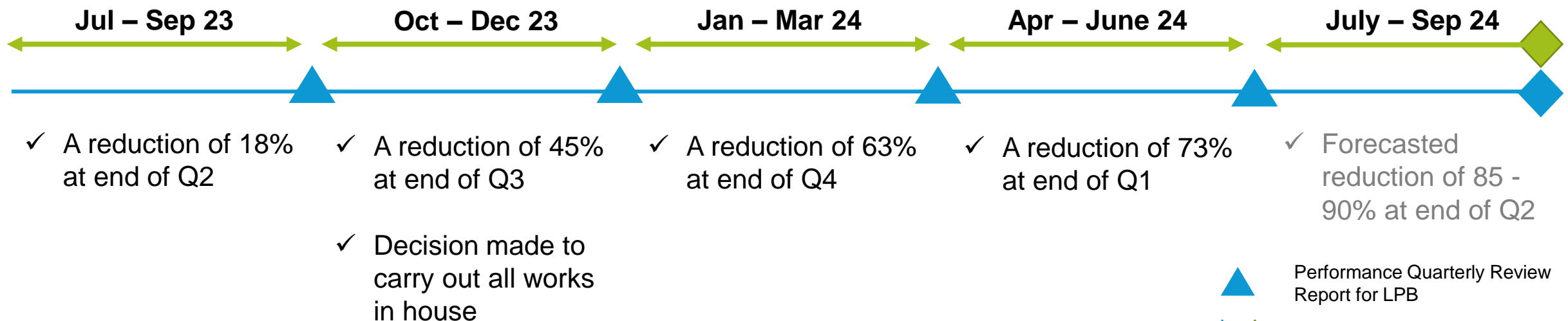
Below is a summary of the proposed completion rates versus actual completion rates. You will see from the milestone plan, the team are ahead of the original time frames



Proposed Completion Progress



Actual Completion Progress





SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D'ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: RISK REGISTER UPDATE 2024/25 QUARTER 1

SUMMARY OF ISSUE:

This report considers the changes made to the Risk Register for the Surrey Pension Team during Quarter 1 of 2024/25.

RECOMMENDATIONS:

The Board is recommended to:

1. Note the contents of this report, the Risk Register in Annexe 1 and MySurrey update in Annexe 2.
2. Make any 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.

- Risks 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

- Following review, the risk score has been reduced for Risk ID 11 whilst not reducing or diluting the focus of the team on making progress.

Risk	Work volume mismatch with operational capacity leading to backlogs
Risk ID	11
Score	9 > 6
Comment	Backlogs are receiving attention and are being addressed. Recent Industrial Action ballot was not successful.
Residual risk	While resolution of legacy issues is in progress, the risk score has been reduced.

- The Investment & Strategy risks have not changed (Risk IDs 4 to 7). Target dates for Risk IDs 10B and 12B have been set. Risks in Accounting & Governance and Service Delivery have been reviewed and Annexe 2 provides an update on the issues with MySurrey. A full review of the whole Risk Register will be undertaken by the PSLT, and the updated position will be presented to the Board in November 2024.
- Ongoing issues previously reported relating to the Unit4/MySurrey financial system implemented in June 2023 remain an area of significant focus and therefore the risk score is unchanged at this time.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

- The Interim Executive Director of Finance and Corporate Services 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 or legislative requirements.

EQUALITIES AND DIVERSITY:

12. There are no equality or diversity issues.

OTHER IMPLICATIONS:

13. There are no other implications.

NEXT STEPS:

14. A full high-level review of the risk register by PSLT will include the following:

- a) Consideration of expanding risk ratings of individual risks;
- b) Extension of acknowledging those issues of MySurrey have been resolved; and
- c) Consider how residual issues are better defined in the register.

Contact Officer:

Colette Hollands, Interim Head of Accounting and Governance

Annexes:

- 1. Risk Register (July 2024) – Annexe 1
- 2. Financial System Update – Annexe 2

Sources/Background papers:

- 1. None

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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			3 Funding requirements higher due to actuarial assumptions materially different to experience 9 Skills / knowledge gaps lead to inefficiency and poor performance 10 Data administration failure / fraud leads to data integrity issues	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 11 Work volume mismatch with capacity leading to backlogs	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

July 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	
3	Funding requirements higher due to actuarial assumptions materially different to experience	A&G	3	3	9	
9	Skills / knowledge gaps lead to inefficiency and poor performance	SD	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	
11	Work volume mismatch with operational capacity leading to backlogs	SD	2	3	6	↓
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. Sensitively 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.		

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.	The risk remains until a process for reconciling i-Connect files to receipts from is in place - work is underway at present to move all employers to use i-Connect.	Mar-25
		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.	The process of updating the ledger with the Altair payments is in place. Propose to remove this risk in Q2	

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	2	3	6	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.	Recent Industrial Action ballot was not successful, risk reduced to reflect this.	
12	Business interruption or cyber security breach leads to data integrity issues or financial loss	Service Delivery and Accounting and Governance	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.	A Draft Business Continuity Plan of the critical activities has been produced. (MySurrey and SPF banking controls are yet to be determined.) A desktop validation exercise of 3 scenarios on other IT systems has been considered by PSLT. Guidance on the actual testing of the 3 scenarios facilitated by the Emergency Management and Resilience Team is awaited.	Jul-24
		Service Delivery, Accounting and Governance and Investment and Stewardship	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.	Work to compile a register of contracts with third parties is progressing. This will include reviewing cyber security arrangements and business continuity plans.	Dec-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		Any delays in implementing the McCloud judgement may lead to a backlog of completing recalculations.	Additional resources required to deal with the scheme benefit remedies for the McCloud judgement					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		Delays in implementing and recalculating scheme benefits as a result of the McCloud judgement	Additional Fund liabilities as a result of implementing the McCloud judgement contributions required including impact on respective employer contribution payments					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.		

RISK SCORING MATRIX :

- Risks are scored on their likelihood and impact
- When determining the risk impact, it is important to recognise that this is the impact on the **whole of Surrey County Council**, not your specific service/areas/project
- The impact statements are shown below as a guide as to what might constitute, for example, a minor impact.
- Please contact the Risk Manager if you require further support.

LIKELIHOOD		
Level	Likelihood	Odds
1	Rare	<10%
2	Unlikely	10% to 30%
3	Possible	30% to 70%
4	Likely	70% to 90%
5	Very Likely	>90%

IMPACT					
Level	Impact	Financial (revenue)	Residents	Reputational	Performance
1	Minimal	<£100k	Minimal impact on a small proportion of the population	Has no negative impact on reputation and no media interest	Minimal impact on achievement of one or more SCC priority objectives
2	Minor	£100K to £1m	Minor impact on a small proportion of the population	Minor damages in a limited area. May have localised, low level negative impact on reputation and generates low level of complaints	Minor impact on achievement of one or more SCC priority objectives
3	Moderate	£1m-£2.5m	Moderate impact on a large (or particularly vulnerable group) proportion of the population	Moderate damages but widespread. Significant localised low level negative impact on the organisations reputation which generates limited complaints.	Moderate impact on achievement of one or more SCC priority objectives
4	Major	>£2.5m to £10m	Major impact on a large (or particularly vulnerable group) proportion of population	Major damage to the reputation of the organisation. Generates significant number of complaints and likely loss of public confidence. Unwanted local or possibly national media attention.	Major impact on achievement of one or more SCC priority objectives
5	Severe	>£10m	Serious long term impact on a large (or particularly vulnerable group) proportion of population	Serious damage to the reputation of the organisation. Large number of complaints. National media coverage. Possible government intervention.	Serious long term impact on achievement of one or more SCC priority objectives

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. A separate SPF Working Group has been formed to address and rectify the processing delays, before transitioning to BAU.
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 team's 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.
5	...but issues remain	<p>Payroll related pension issues have been ongoing for some time.</p> <p>The Working Group has been successful in gaining adequate reporting from SCC Payroll to allow the Contribution Income for 2023/24 to be posted correctly to the Ledger in MySurrey. And in turn, allowed for successful Cashflow and Actuarial Reporting for 2023/24. However, production of this report / contribution form is outstanding for 2024/25. The Working Group will continue to support SCC Payroll to ensure this becomes part of their monthly processes.</p>

6 We have some ongoing financial issues

System and user access remains an issue.

The Working Group has successfully amended the SCC Data & Security Policy for MySurrey. This allows for SPF to create and amend users' MySurrey access profiles directly, not via SCC Corporate Finance Helpdesk requests. The next stage for the Working Group is to audit the role profiles in MySurrey for all non-finance colleagues in SPT to ensure system access is correct.

General report creation remains an issue. Whilst report writing and publishing is ongoing by the DB&I Team, a separate Reporting Group has been set up by SCC to share knowledge, collaborate on reports, dashboards and more complex enquiries that will be used across Finance, and SPT Finance staff are a part of this new group.

Banking system interface and reconciliation process is recommended to be transferred from SCC Banking to SPF Finance in Q3.

Invoice processing workarounds to be more fully resolved, particularly for Accounts Payable where the PO payment route is failing, leading to delays to paying Suppliers.

7 Service Delivery feeling the impact but remains committed to finding a resolution to mitigate issues

Monthly Returns via iConnect:

The March 2024 iConnect file was due to be received on the 31 May and was successfully submitted on the 5 June, providing all necessary member data between June 2023 and March 2024.

The risk rating moved to severe temporarily when the initial deadline was missed however, it returned to its original levels once the file was received. The reason for this being that the work associated with producing Annual Benefit Statements can be carried out as expected and, all new starters of the scheme in this period have been issued their new starter pack. Plans will now be drawn up to carry out all associated case work required after this submission.

After carrying out an assessment of the data in line with the standard end of year checks, there have been some queries that have been identified and returned to Surrey Payroll for investigation. These are expected to be provided back to Surrey Pensions by the end of July.

The submission of April – June 2024 files have not been received, therefore the issue of not receiving these as expected remains a problem. Whilst it does not carry the same weight of impact as the year end file, it does affect the flow of work into Service Delivery.

Leaver Notifications:

Whilst leaver reports for April and May have been received, these are not reporting the reason for leaving in all cases. A working group continues to seek solutions to these issues with a longer-term view however, information is currently being provided on a case-by-case basis in the interim.

The June report is expected by the tenth of this month to identify members who are due to receive a pension benefit such as retirement, ill health retirement.

Configuration & Data Cleansing:

MySurrey payroll system is undertaking re-configuration development and testing throughout June, to ensure its fully compliant with the pension scheme regulations and SCC's discretion policy.

Changes were expected to be effective from the July payroll, along with retrospective adjustments to member pension contribution deductions where relevant. This

deadline was not achieved as expected and has been moved to the August payroll of this year.

Data rectification is still required on certain members to ensure the accuracy of the contribution information supplied by SCC. This applies to AVC deductions as well. At present it is not clear when this work will be fully completed, with resources deployed on correcting reports and configuration testing.

To support members due 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 LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D’ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: SURREY PENSION TEAM BUSINESS CONTINUITY PLAN

SUMMARY OF ISSUE:

This report summarises the work carried out in producing the Surrey Pension Team Business Impact Analysis (BIA) and Business Continuity Plan (BCP) for the Local Pension Board’s consideration.

RECOMMENDATIONS:

It is recommended that the Local Pension Board:

1. Note the contents of this report.

REASON FOR RECOMMENDATIONS:

Background

The officers informed the Board meeting in May 2024 that work on producing a Surrey Pension Team (SPT) specific business continuity plan was underway and that a BCP would be brought to the Board’s July 2024 meeting.

DETAILS:

1. The Business Impact Analysis (BIA) and Business Continuity Plan (BCP) documents for SPT are presented as Annexes 1 and 2 respectively.
2. Drafting for both the BIA and BCP has been undertaken using the template documents provided by Surrey County Council’s (SCC) Emergency Management and Resilience Team (EMRT) and with the EMRT support.
3. The BCP has been produced following:
 - a) Undertaking the assessment to complete the BIA of critical activities of the SPT.
 - b) Testing the various scenarios (minor, moderate and significant disruption) as a desk top exercise to ensure that PSLT are satisfied with its resilience for initial validation to invoke the BCP.

- c) Agreeing that actual testing for the final validation to be undertaken as guided and agreed by PSLT and EMRT as this will impact other services in SCC.
- 4. The SPT is represented in the Council's Risk and Resilience Forum (CRRF) which meets on a quarterly basis coordinated by the EMRT.
- 5. Further work will be undertaken to determine the resilience of key systems such as MySurrey and the HSBC banking controls. The SPT's critical activities in the BIA and BCP will be reviewed following successful implementation of MySurrey and the full transfer of the Fund's banking control arrangements to the SPT.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

- 9. The Interim Executive Director Finance and Corporate Services is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

- 10. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

- 11. There are no equality or diversity issues.

OTHER IMPLICATIONS:

- 12. There are no other implications.

NEXT STEPS:

13. The following step is planned:

- a) The BCP at Annexe 2 will be sent to the Council's EMRT for their information.

Contact Officer:

Colette Hollands, Interim Head of Accounting and Governance

Annexes:

1. Business Impact Analysis for Surrey Pension Team – Annexe 1
2. Business Continuity Plan for Surrey Pension Team – Annexe 2

Sources/Background papers:

1. None

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Business Impact Analysis (BIA)

Surrey Pension Team



July 2024

Providing our customers with
a better tomorrow

SPT – Business Impact Analysis

Date	1 July 2024
Version	1.0
Author/BC Lead	Siva Sanmugarajah Risk and Compliance Manager
BC Deputy	Colette Hollands, Interim Head of Accounting & Governance
Owner	Neil Mason, Asst Director, LGPS Senior Officer
GSC	Official Sensitive

Distribution List

Pension Senior Leadership Team (PSLT)

Job Title	Name – currently in post
Asst Director, LGPS Senior Officer	Neil Mason
Head of Accounting & Governance	Colette Hollands
Head of Change Management	Nicole Russell
Head of Investment & Stewardship	Lloyd Whitworth
Head of Service Delivery	Tom Lewis

Extended Leadership Team (ELT)

Job Title	Name – currently in post
Deputy Head of Accounting & Governance	Keevah Dumont
Deputy Head of Investment & Stewardship	Mel Butler
Deputy Head of Service Delivery	John Coombes
Deputy Head of Service Delivery	Jim Woodlingfield
Risk and Compliance Manager	Siva Sanmugarajah

Document Control

Owner	Neil Mason Assistant Director, LGPS Senior Officer
Author	Siva Sanmugarajah Risk and Compliance Manager
Version	1.0 Date: 1 July 2024
Next review date	TBC (once Business Continuity Plan has been approved)
GPMS	Official Sensitive
Electronic file location	TBC (once Business Continuity Plan has been approved)
Date last validated and how?	NA

Head of Service Statement

I am in receipt of Surrey Pension Team's BIA version 1.0. I have read the contents and am satisfied with the arrangements laid out within the document.

I will ensure that this BIA is communicated to all relevant persons within the Surrey Pension Team. I will ensure that it is reviewed fully on an annual basis and when any significant change occurs within the service e.g. a service restructure. I will ensure that the key contacts in Contact Details are reviewed and updated on a quarterly basis. I will ensure that all service personnel assigned business continuity responsibilities are competent to perform the required tasks. I will ensure that records of service business continuity exercises and business continuity training for members of the SPT Service Recovery Teams are recorded, kept and shared with the Emergency Management and Resilience Team.

Signed _____

Neil Mason, Assistant Director LGPS Senior Officer

Date: _____

A signed copy of this plan is kept in TBC and a copy has been sent to the Emergency Management and Resilience Team (EMRT). The current Business Continuity Plan (BCP) based on this BIA is version 1.0 dated 1 July 2024.

Record of Amendments

Version	Amendments	Amended by	Release date
v.1.0	Created		1 July 2024

Contents

Section 1

Service Overview	
Service Details	
Service Responsibilities	
Table of IT systems in use	
Number of Staff	
Critical Staff	
Service Business Unit	
Dependencies	

Section 2

Resources Identification	
Staffing Resource	
Workspace Resource Required	
Business Systems Required	
IT Hardware Required	
Other Resources Required	
Data Storage	
Appendix A Critical IT Software & Application Restoration Priority List	

Section1

Service Overview

Service Details

Head of Service:	Neil Mason, Assistant Director, LGPS Senior Officer
Directorate:	Resources
CRRF Representative:	Siva Sanmugarajah, Risk and Compliance Manager

Service Responsibilities

- Maintaining accurate information securely of all staff, their roles and responsibilities, risks and mitigations in each team, access levels to IT systems, procedures for reviewing, maintaining up to date information and reviewing frequency.
- Maintaining accurate information securely of all scheme members of Surrey Pension Fund (SPF), processing (paying/refunding) their entitlements correctly and on time, communicating with scheme members and relevant third parties in a timely and secure manner.
- Maintaining third party information (SPF employers, suppliers (vendors) of goods and services of SPF, customers receiving goods and services from SPF) in secure IT and non-IT systems and communicating/transacting in a secure manner.
- Regularly liaising with SPF's Global Custodian (Northern Trust) and investing surplus funds to yield healthy returns for SPF while monitoring investment manager performance.
- Maintaining a professional relationship and accountability with BCPP of which SPF is a member.
- Submitting statutory and non-statutory returns/information.
- Be accountable and provide assurance to all internal and external stakeholders of the SPF including SCC as the Administering Authority of the SPF.

IT systems in use for SPT and SPF activities

Business Unit	IT system used	Purpose	Provider
Accounting & Governance (A&G)	Hymans Frontier	Portal to access SPF's Actuary's (Hymans Robertson) System	Hosted by Hymans Robertson
A&G	i-Connect	SPF employer portal	Heywood
Investment & Stewardship (I&S)	Northern Trust Global Cash Movement (GCM) portal	Maintain SPF investment transactions	Northern Trust (SPF's Global Custodian)
Service Delivery	Achiever	CRT function	SCC Contract
SD		Address tracing	DWP
SD	Altair	SPF's pension administration	Heywood (hosted)
SD	Altair Pension Payroll	SPF's Pensioner Payroll System	Heywood (hosted)
SD	Crown Agent Bank	Mortality screening	
SD	Tell Us Once	Mortality screening	Owned by Gov.UK
SD	i-Connect	SPF employer portal	Heywood (hosted)
SD	MSS portal	SPF scheme member access to	Heywood (hosted)
SD	NI Database	To check other LGPS Fund	LGA
SD		Payments to Overseas	Equinity
SD		Foreign currency payments to	Western Union
SD		AVC provider	Prudential
SD		AVC provider	Utmost Life
SCC IT system	BACS	Financial Transactions -	SCC Banking
SCC IT system	Docmail	Document management	SCC IT
SCC IT system	Email	SCC network	SCC IT
SCC IT system	Microsoft applications	SCC network	SCC IT
SCC IT system	NFI Data matching	SCC Fraud prevention via	SCC IT
SCC IT system	SPF website	SCC network	SCC IT
SCC IT system	Telephony	SCC network	SCC IT

Number of Staff

Total number of Staff:	Location Based:
Establishment 77	Designated base location is Dakota, 11 De Havilland Drive, Weybridge, Surrey KT13 0YP. Due to agile working staff also work from home and in various SCC offices (Woodhatch, Fairmount, Quadrant Court).

Critical Staff

Number of Critical Staff:	Locations Based:
PSLT members 5 ELT members 5	Designated base location is Dakota, 11 De Havilland Drive, Weybridge, Surrey KT13 0YP. Due to agile working staff also work from home and in various SCC offices (Woodhatch, Fairmount, Quadrant Court).

Service Business Unit

The business units listed below undertake the identified prioritised activities for the service, these are expanded on later in this plan with the addition of activity numbers to the business units.

Business Unit:	Summary of work:
<p>A – Accounting & Governance (A&G)</p> <p>A1 - Governance A2 - Technical A3 - Employer A4 - Finance A5 - Risk & Compliance</p>	<p>A – Head of A&G Team is responsible for ensuring adequate overall accounting and governance arrangements.</p> <p>A1 – Ensuring adequate governance arrangements are in place for effective SPT operations. A2 – Ensuring LGPS technical requirements and legislation is complied with. A3 – Ensuring SPF employers’ (approx. 350) and scheme members’ (127k) obligations are met. A4 – Ensuring all finance related activities of SPF and SPT are maintained at all times. A5 – Ensuring adequate risk identification and compliance arrangements are in place.</p>
<p>B – Investment & Stewardship (I&S)</p>	<p>B – Responsible for overseeing the investments of the SPF.</p>
<p>C – Service Delivery (SD)</p> <p>C1 – Systems Team C2 - Customer Relationship Team C3 – Immediate Benefits Team</p> <p>C4 – Future Benefits Team C5 – Membership and Data Team</p>	<p>C – Overall management of service delivery of pension administration of SPF scheme members.</p> <p>C1 – Maintains appropriate IT systems in SD. C2 – Responsible for first point of contact for all stakeholders.</p> <p>C3 – Responsible for processing immediate pension benefit entitlements in line with relevant regulations. C4 - Responsible for processing future pension benefit entitlements in line with relevant regulations. C5 - Responsible for maintaining membership data and entitlements in line with relevant regulations.</p>

D – Change Management (CM)	D – Planning and delivering strategic direction of the SPT.
D1 - Project Management D2 – Communications D3 - Learning & Development	D1 - Facilitating continuous improvement utilising project management tools and best practice. D2 – Providing stakeholders with required information as and when needed using multiple media channels. D3 – Providing learning and development and addressing change to meet business and workforce needs.
E – Pension Senior Leadership (PSLT)	E – Heads of Service for A&G, I&S, SD and CM reporting to Assistant Director, LGPS Senior Officer to provide leadership, strategy and overall risk management.

Business Unit:	Location/ Locations delivered from:	Number of staff based in these locations:	Number of staff within this business unit unable to work flexibly:
A - A&G	Designated base location is Dakota and work from home.	10	0
B - I&S	As above.	1	0
C - SD	As above.	55	1
D - CM	As above.	5	0
E – PSLT	As above.	6 (inc Business Support Officer)	0

Business Unit	Activity Number	Risk Category*	Activity	MTPD	RTO	Does the activity depend on, or influence the activities of other services within the organisation or external agencies? If yes, then please list these.	Contingency Arrangements
A4 Fin	1	4	Transactions for Capital calls - Access to NT GCM portal is via portal manager, and HSBC is via CHAPS	<12 hours	1-10 hours	Yes, NT (GCM portal); SCC; Treasury; Email; Authorising Officers; Approvers.	Refer to SCC Treasury for assistance on authorising/approving of portal manager via HSBC.
B I&S	1	4	Monitoring Market Value	1 day	1 day	Northern Trust	Officers would rely on other external internet access.
B I&S	2	4	Transactions	1 day	1 day	Northern Trust and Fund Managers	Officers require Sharepoint and email availability.
B I&S	3	4	Capital Calls	1 day	1 day	Northern Trust and Fund Managers	Officers require Sharepoint and email availability.
SD C1-C5	1	5	Access to Altair	1 hour	<1 hour	Yes. Heywood (provider of Altair), SPT, Surrey Pensioner Payroll.	Disaster Recovery Procedure, access to Backup System.
SD C1-C5	2	5	Access to SCC Network including internet & Microsoft applications	1 hour	<1hour	Yes. SCC's ICT, SPT, Surrey Pensioner Payroll.	Disaster Recovery Procedure within SCC protocol.
SD C1	3	4	Access to i-Connect	12 hours	<12 hours	Yes. SPF Employers and their payroll providers, Employer Team.	Delayed uploads, communication to users of downtime. Longer term delays in collecting data manually via secure email.

*Use the Critical Activities table in the SCC BIA Guidance when establishing the Risk Category

MTPD – Maximum Tolerable Period of Disruption

RTO – Recovery Time Objective

Dependencies

Critical Activity Reference:	Who relies upon your service for this critical activity being delivered:	Contingency Arrangements in place:
A4 - 1	SPT, SCC services, numerous third parties including SPF employers	Personnel within SPT, SCC, third parties and access to their systems.
B1	Surrey Pension Fund	Officers rely on other external internet access.
B2 & B3	Surrey Pension Fund and Fund Managers	Officers require Sharepoint and email availability.
C1 – C5 / 1	Pensioners in pay, SPF employers and scheme members, SD Team staff	Repeat previous month's payment manually if no access to system, members can't access Member Self Service (MSS) Portal, Reliant on Heywood to provide disaster recovery assistance.
C1- C5 / 2	SD Team staff	If no SCC network access, hosted area of Altair can't be accessed. Long term arrangements may include commercial direct access to Altair system but would require totally new security requirements and hardware. Laptops and equipment provided by SCC cannot be used.
C1 / 3	SPF employers and members, SD Team staff	No access to i-Connect site and no alternative other than manual.

Critical Activity Reference:	Who do you rely upon to deliver this critical activity:	Contingency Arrangements in place:
A4 - 1	Access to NT GCM portal via Portal Manager, access to HSBC via BACS/CHAPS, SCC's Network, Treasury, Email, Approvers and Authorising Officers.	Officers rely on other external internet access but require access to SCC network email and Share Point facility.
B1	Internet and Northern Trust, BCPP	Officers rely on other external internet access.
B2 & B3	SCC email & Sharepoint, Internet, Northern Trust, Fund managers, BCPP	Officers require Sharepoint and email availability.
C1 – C5 / 1	Heywood, SCC's Network and Payroll Service	Heywood's Disaster Recovery (DR) Policy, other teams in SPT, Altair Pensioner Payroll.
C1 – C5 / 2	SCC IT	SCC's DR Policy.
C1 / 3	Heywood	Disaster Recovery Policy with Heywood for i-Connect.

Section 2

Resources Identified

Staffing Resource

Critical Activity Reference:	Roles / Specialist Skills Required:	Minimum number of staff needed to perform each role:	Can outside staff assist in performing this role? And if so who:	SPOF
A4 - 1	LGPS Finance Knowledge.	1	Yes, with suitable experience.	No
B1	Northern Trust login and software portal training.	1	Northern Trust.	No
B2	Share Point access, SPF inbox access, Administration training.	1	Northern Trust and Fund Managers.	No
B3	Administration training, Reconciliation.	1	Northern Trust and Fund Managers.	No
C1 to C5 / 1 - 3	As per Org Structure – current SD structure is fit for purpose and includes contingencies for appropriate levels of leave/absence. Head and Deputy Heads of SD to determine.	5	Yes, administrative work and subject to commercial licences from software provider.	No

Workspace Resource Required

Critical Activity Reference:	Detail alternative working arrangements already in place: <i>Including those who can work flexibly, and any arrangements made?</i>	Number of staff who unable to work flexibly, would need alternative office arrangements to be made:	Minimum workspace requirements needed: <i>Include laptops/ PCS, Phones, Meeting Rooms needed?</i>
A4 - 1	WFH or at alternative SCC office	0	Laptop, telephone, access to external internet for HSBC.
B1	WFH or at alternative SCC office	0	Laptop, mobile phone with Okta Verify App.
B2 – B3	WFH or at alternative SCC office	0	Laptop.
C1 – C5 / 1 - 3	WFH or at alternative SCC office	1	Laptop, Internet connection.

Business Systems Required

- O365 services such as email, calendars, SharePoint and OneDrive are considered resilient as they are a cloud-based services and are hosted outside of the SCC infrastructure. These services can also be accessed from any internet connected device.
- IT&D run Backups daily. These backups are run overnight. Data created or updated in the window between backup runs could be lost if there was a need to restore from the previous backup.
- IT&D operate 2 data centres with many services replicated from the primary to the secondary centre for Disaster Recovery scenarios.
- Microsoft Office applications are installed locally on all devices. Access to a device will provide access to these applications so they do not need to be included in the table below.

System Name:	Critical activity reference	Data needed to carry out Critical Activity: <i>What databases/ inboxes/ records need to be accessed?</i>	Impact: <i>Detail the impact caused if you were unable to access particular software applications?</i>
SCC Network – email, MS applications, Sharepoint	All staff can access MySurrey to book leave, claim expenses and access their payslips. A4 – 1; B1 – B3; C1 – C5	N/A Altair Database and Outlook accounts.	Maintain manual log temporarily. Unable to pay (i) benefits to pensioners, (ii) refunds owed to members and (iii) transfers out leading to breaches. Unable to accept and receive incoming payments for contributions, transfers in, overpayments and unfunded liabilities to employers.
Altair	C1-5/ 1, 2 and 3	Altair Database holds all SPF member details to process pension benefits and pay pensioners.	Unable to process benefits and pay pensioners.

IT Hardware Required

Hardware:	Critical activity reference	Impact: <i>Detail the impact caused if you were unable to access particular software applications?</i>
SCC Laptops with suitable access to required applications	All staff	Unable to work; statutory deadlines and relevant actions may not be met leading to potential financial loss and damage, reputational damage, breaches and fines.
SCC laptops and mobile phones	B1	Laptop, mobile phone with Okta Verify app. No access to forms, audit trail or approval process and unable to transact.
SCC laptops and mobile phones	B2 and B3	Laptop. No access to forms, audit trail or approval process and unable to transact.
SCC Laptops	C1 – C5 / 1-3	Personal devices - TBC
SCC Printer / Scanner	All staff	Unable to produce physical correspondence for those members opted out of electronic method of communication. Docmail can be used as an alternative means to physical printing/scanning.

Other Resources Required

Critical Activity Reference:	Detail other SCC recourses required:	Detail any external resources required:	SPoF
A4 - 1	Extended period of disruption to call on SCC resources as available	Draw on third parties as necessary e.g actuary, Heywood, global custodian Northern Trust.	No
B1 to B3	BCPP	Northern Trust and Fund Managers, BCPP.	No
C1 – C5 / 1	SCC Payroll to process SPF Pensioner Payroll	5 x employees processing SPF pensions payroll.	No
C1 – C5 / 2	SCC IT Provisions	SCC Network hence need their assistance for any issues	No

Date Storage

Critical Activity Reference:	Are there any essential documents or records required to carry out this activity:	Where are these documents stored:	How can they be accessed:	Back up options: <i>Describe and detail what these are and who can access them</i>
A4 - 1	Regulations / Guidance	Government websites, SPF Sharepoint site	Internet, SCC Network	None
B1	No	SPF Sharepoint site	Online	N/A
B2 & B3	Yes	SPF Sharepoint site	Online	Forms for transactions
C1 – C5 / 1	Member documents relating to pension administration	In Altair hosted on Heywood servers	via Altair	Back up controlled and co-ordinated by Heywood every night
C1 – C5 / 2	Documents held in Sharepoint and network drives	Sharepoint, network drive, (G Drive), One Drive	via SCC Network	SCC backup policies and Data Storage Strategy

Appendix A

Critical IT Software and Application Restoration Priority List

During the first 24-48 hours of an incident, that impacts the operation of IT software and applications, the Incident Management Team (IMT) will work to restore their systems to regain the capacity to reinstate the following priority list of critical software systems and applications.

During the response to the incident, the CRRF and IMT will meet to decide the subsequent software and application restoration that will follow the completion of the below list as this may differ depending on the incident.

Timeframe*	Software and Applications
< 24-48 Hrs	IT systems restored: <ol style="list-style-type: none"> 1. Critical SCC Network infrastructure including internet. 2. Email 3. Sharepoint 4. IMT File Storage. 5. IMT Printing 6. Critical Finance Applications <ol style="list-style-type: none"> a. BACS b. Altair
< 5 days	CRRF and IMT will meet to decide on software and application restoration once the above list has been restored.

*Timeframe listed above is only a guide. These may vary depending on the incident.

Business Continuity Plan (BCP)

Surrey Pension Team



July 2024

Providing our customers with
a better tomorrow

SPT – Business Continuity Plan

Date	1 July 2024
Version	1.0
Author/BC Lead	Siva Sanmugarajah Risk and Compliance Manager
BC Deputy	Colette Hollands, Interim Head of Accounting & Governance
Owner	Neil Mason, Asst Director, LGPS Senior Officer
GSC	Official Sensitive

Distribution List

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Asst Director, LGPS Senior Officer	Neil Mason
Head of Accounting & Governance	Colette Hollands
Head of Change Management	Nicole Russell
Head of Investment & Stewardship	Lloyd Whitworth
Head of Service Delivery	Tom Lewis

Service Recovery Team (SRT)

Job Title	Name – currently in post
Deputy Head of Accounting & Governance	Keevah Dumont
Deputy Head of Investment & Stewardship	Mel Butler
Deputy Head of Service Delivery	John Coombes
Deputy Head of Service Delivery	Jim Woodlingfield
Risk and Compliance Manager	Siva Sanmugarajah

Document Control

Owner	Neil Mason Assistant Director, LGPS Senior Officer
Author	Siva Sanmugarajah Risk and Compliance Manager
Version	1.0 Date: 1 July 2024
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Electronic file location	TBC (once Business Continuity Plan has been approved)
Date last validated and how?	NA

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I am in receipt of Surrey Pension Team's BIA version 1.0. I have read the contents and am satisfied with the arrangements laid out within the document.

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Signed _____

Neil Mason, Assistant Director LGPS Senior Officer

Date: _____

A signed copy of this plan is kept in TBC and a copy has been sent to the Emergency Management and Resilience Team (EMRT). The current Business Impact Assessment (BIA) supporting this BCP is version 1.0 dated 1 July 2024.

Record of Amendments

Version	Amendments	Amended by	Release date
v.1.0	Created		1 July 2024

Contents

Introduction

Aim	
Objective	
Summary of Sections	

Section 1 – Activation & Response

Escalation Framework	
Emergency Actions Checklist	

Section 2 – Incident Management

Identifying an Incident	
Managing an Incident	
Stand Down	
Communicating in an Incident	
Accountability and Responsibilities	

Section 3 - Appendices

Appendix 1 – Action/Incident Log	
Appendix 2 – SCC Incident Report Form	
Appendix 3 – Critical Activities & Contingency arrangements	
Appendix 4 – Dependencies & Contact Details	
Appendix 5 – Alternate Working arrangements	
Appendix 6 – Plan Dependencies	
Appendix 7 – Exercising & Activations	

Section 4 - Glossary

Introduction

This BCP provides details of the Surrey Pension Team's (SPT) arrangements. The procedures and responsibilities set out have the support of the Pension Senior Leadership Team (PSLT) who expect all relevant staff to be aware of its content and be ready to implement the identified procedures at any time.

Aim

The aim of the SPT BCP is to reduce the effects of any incident or event that could disrupt the mission critical activities of SPT and ensure a smooth return to business as usual.

This plan intends to enable rapid mobilisation and management of resources to restore the delivery of the **critical activities** identified in the plan.

Objectives

- To identify SPT's mission critical activities and the resources required to ensure these activities could carry on under any circumstance.
- To mitigate the impacts identified in the BIA.
- To provide a framework to recover the services.
- To identify alternative working arrangements to allow the continuation of service.
- To identify key roles and responsibilities involved in the recovery process.

Summary of Sections

The document is divided into 4 sections:

Section 1: Provides the necessary information on activating and responding to an incident and tools such as the Emergency Actions Checklist to use immediately to respond to an incident.

Section 2: Provides information on Incident Management with appendices as follows:

- Identifying an incident – BCP sets out the thresholds for activating the plan (BCP) and hence a copy of SPT BCP will be lodged with the EMRT. It contains the critical activities and contingency arrangements (Appendix 3), contact details (Appendix 4), alternate working arrangements (Appendix 5), plan dependencies (Appendix 6) and exercising and activations (Appendix 7).
- Managing an incident is via an Incident Management Log (Appendix 1) to enable tracking of events and actions taken, and an Incident Reporting Form (Appendix 2) which allows more detailed reporting including prioritising actions, details of required communications and devising a reporting schedule to confirm time of next updates. During this phase various teams such as SRT with a Team Leader, Operations Group (Ops Group) and Communications Team are formed depending

on the nature and impact of the incident to deal with the incident, and contain any damage and disruption caused.

- Stand Down – This includes the following steps being progressed or completed:
 - Necessary planning activities for recovery phase have been considered and implemented including a dedicated recovery checklist.
 - Debriefing during the recovery phase to ensure continual improvement is identified. This will depend on the nature of incident and the disruption caused and hence could include key learning, strengths and weaknesses, recommendations and identification of new risks or threats. Hot and cold debriefs indicate the timing of debriefing (sooner or later) from when the incident took place and may depend on the severity of disruption. Key learning is shared after a severe disruption to put necessary controls in place as a preventative measure. Cold briefing will be similar to having a detailed Incident Reporting Form say after a fortnight.
 - Communicating in an incident also has many steps subject to the nature of the incident (minor to significant disruption) from initial notification and information cascade to communicating with staff via IT systems (websites), messaging via 419000 to first (Customer Interaction Lead) and second (My Helpdesk Team Leader) points of contacts for SPT.

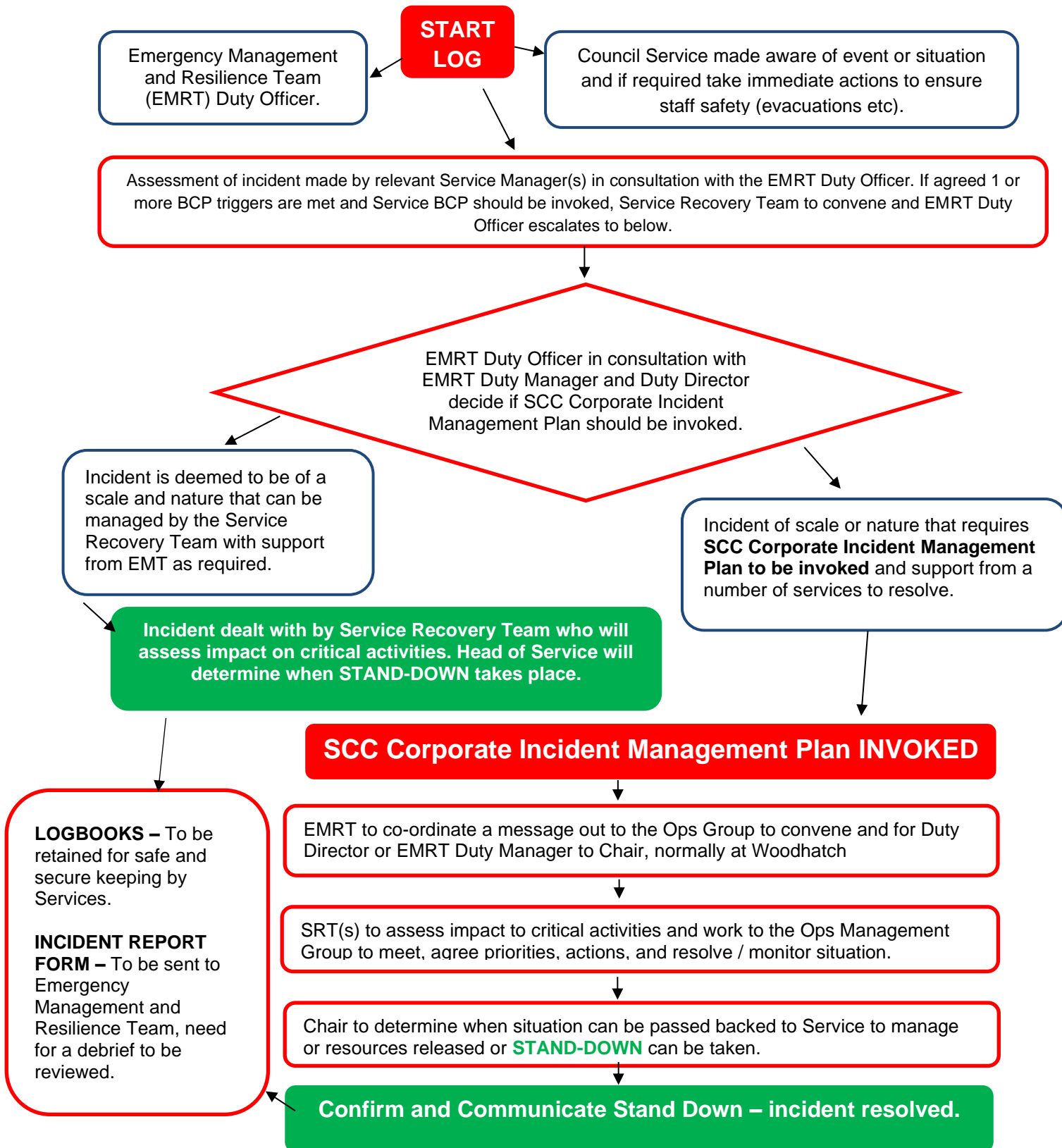
Section 3: Appendices referred to in the BCP.

Section 4: Glossary

Section 1 - Activation & Response

Escalation Framework

INCIDENT / EVENT / SITUATION



Emergency Actions Checklist

To be used by SRT or the staff member coordinating the incident.

- Monitor staff welfare and relocate staff, along with any visitors or residents, to a safe, more sheltered location if appropriate.
- Identify where your staff are and if staff have moved locations, where they have moved to.
- If appropriate, ensure the emergency services have been called or contact has been made with the Emergency Management and Resilience Team (EMRT) through the Duty Officer: 07831 473039
- Ensure Property Services are made aware if necessary, through My Helpdesk Property on 020 8541 9000 Option 6 (41 9000) - TBC
- Convene your Service Recovery Team through CRRF Rep and decide on your service's course of action.
- Identify if any of your service's critical activities are disrupted and if any critical resources are required.
- Start a log of actions taken (template Appendix 1).
- Provide ongoing communication and updates to your staff and nominate a single point of contact for staff, suppliers/providers, and any partners to use.
- Where safe to do so identify any damage and locate where any key documents or equipment are in the building.
- Provide public information to the SCC Communications Team to maintain reputation and business and provide information to SCC Internal Communications to keep staff updated.
- After the incident alert staff and key business partners that the emergency has been stood down and when normal business activities have been restored.
- Complete an incident report form (Appendix 2).
- After the incident arrange a debrief with service staff involved and review your service Business Continuity Plan to capture any lessons identified.

Section 2 – Incident Management

Identifying an Incident

This plan sets out the parameters and pre-defined thresholds for the activation of this plan. For SPT the activation of this plan would be triggered by any of the following incidents:

- Restricted or no access to SCC Network including internet
- Lack of access to MS applications
- Failure in the BACS process to make payments
- Lack of access to Altair system
- Lack of access to i-Connect
- Lack of access to Northern Trust's system (GCM portal)
- Lack of access to HSBC portal.

This plan allows the detection and assessment of risks to the service, the maximum tolerable period of disruption and the recovery time objective. Preparation and planning activities can take place based on the assessment of these risks. Appendices 3 and 4 detail the critical activities of the service and the contingency arrangement to allow them to continue during a period of disruption. Appendix 5 details alternate working arrangements requirements, these have been identified in advance with alternate arrangements detailed to ensure that the critical activities can be maintained.

These Appendices, alongside the escalation framework and emergency actions checklist in Section 1 of the plan, support the invocation and management of the incident.

Managing an Incident

To support the management of an incident, Appendix 1 is an incident management log, this allows the tracking of events and actions taken.

Appendix 2 is an Incident reporting form and allows more detailed reporting of the incident including prioritising actions and details of required communications. This form also allows a reporting schedule to be devised by confirming time of next updates.

Stand Down

When standing down from an incident, it is important to ensure that all the of the necessary planning activities for the recovery phase have been considered and implemented, this may include a dedicated recovery cell and a recovery checklist.

Debriefing is an important part of the recovery phase and plays an essential role in the continual improvement process. The type of debrief will vary based on the incident or disruption that has taken place. A debrief should cover key learning, strengths and weaknesses, recommendations and identification of new risks or threats.

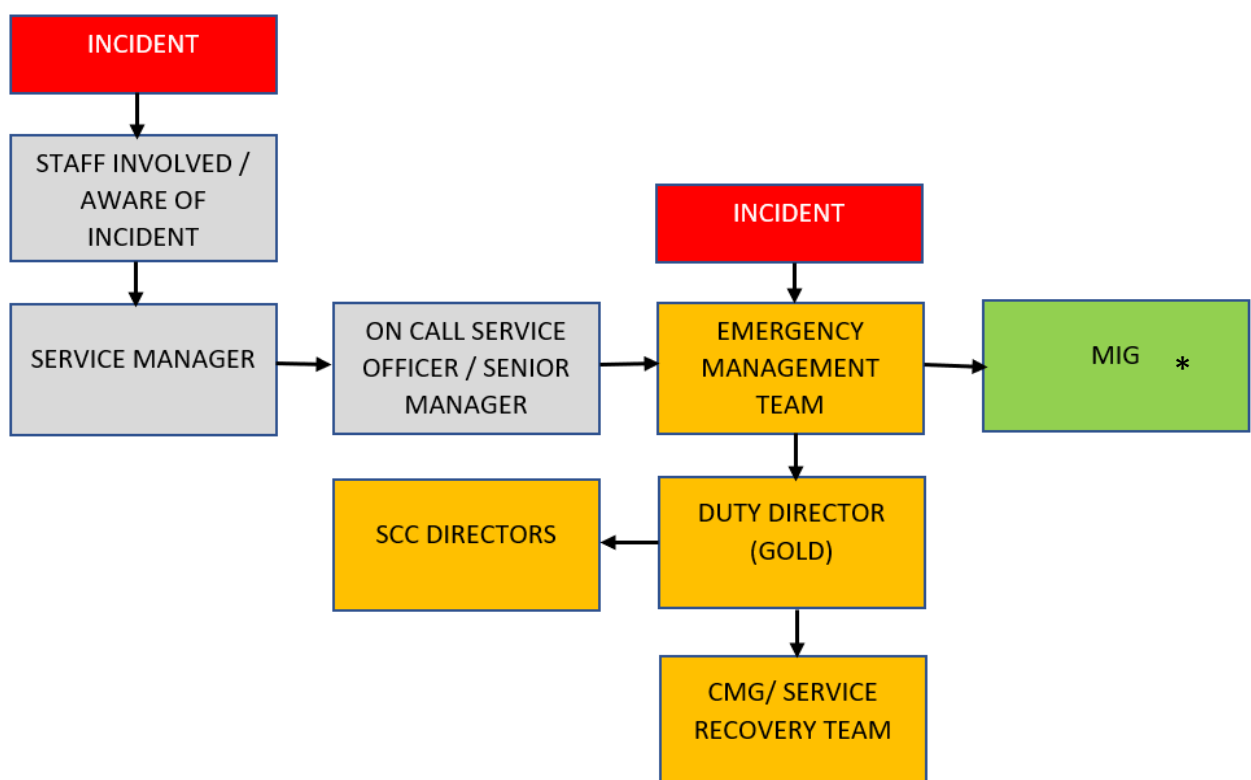
A hot debrief should be held immediately after the incident, preferably within two days, to ensure that learning is captured quickly while it is fresh in the mind.

A cold debrief would take place a later date from the incident (usually within 14 days) where those involved will provide feedback, usually by filling out a form. A cold debrief can be used to create an incident report and captures more detailed information and learning from an incident or disruption.

Communicating in an Incident

Initial Notification & Information Cascade

The following flow chart details the information flow and cascade that SPT staff should follow when an incident occurs.



*Multi-Agency Information Group

Communicating with Staff

The following communication methods will primarily be used by managers and staff when an incident has occurred. These are the most effective methods for quick and efficient information sharing.

Communication Method	Who Can access	When can this be accessed and from what device?	Who can send out these messages?
SCC Info / Intranet	All Staff with IT access	24/7 from SCC Desktop, laptop, SCC iPhone, or non-SCC Laptop with VPN token.	IN HOURS Internal Communications and Web and Digital Services
SCC Public Website	All Staff with IT access and Members of the public with Internet access.	24/7 on any device.	IN and OUT of HOURS Internal Communications and Web and Digital Services
SCC E-Mail	All Staff with IT access	24/7 on SCC laptop, iPhone via 0365 app.	All staff with IT access have access to emails IN HOURS.

As SPT operates in an agile working environment, communication methods have developed, leading to new ways of communicating. During an incident, staff may use other communications methods such as Microsoft Teams Instant Messaging or SMS/Phone calls to communicate with managers and other staff members. Teams may also use external communication methods such as WhatsApp groups for Out of Hours communications. The SPT should hold a record of all their staff contact details as best practice.

- **419000 Messaging**

When an incident has occurred that is disrupting SCC services/communication methods, the Business Operations team can update the 419000-messaging service with information specific to the incident that has occurred. This will be used to inform staff if e.g. particular offices are closed, or a service has become unavailable. Following receipt of this message staff should contact their line manager for further information. The messages would be uploaded so that the following information may be given before an option is selected:

- **503 - Adverse Weather - Broadcast**

Due to the adverse weather conditions, your usual place of work may be unavailable. Please check the Surrey County Council website for specific updates and should you have any difficulty travelling to work safely, please contact your manager.

- **508 - Woodhatch Evacuation - Emergency**

Due to unforeseen circumstances, My Helpdesk is currently unavailable and will return shortly.

For SPT, requests for 419000 can be made through the business operations team using the following contact details: Customer Interaction Lead – Beth Evans or Jim Woodlingfield, Deputy Head of Service Delivery.

Accountability & Responsibilities

Service Recovery Team (SRT)

The members of the SRT will be identified as the relevant staff responsible for the incident. The role of the Service Recovery Team is as follows (but not limited to):

- Consider and appoint a Service Recovery Team Leader
- Monitor staff welfare and ensure necessary actions are taken as required
- Assess and monitor the impact of an incident on the service activities
- Liaise with the EMRT and determine if the SPT BCP should be invoked
- Ensure key internal and external interested parties are kept informed of the impact of the incident
- Carry out actions required in invoking the BCP and in restoring the normal running of the SPT quickly as possible
- Provide the Ops Group (if convened) with updates at requested intervals
- Implement any decisions made by the Ops Group and
- Ensure key details relating to the incident are recorded using an Incident Report form (Appendix 2). Record key decisions in a Decision Log (Appendix 1).

Service Recovery Team Leader

The role of the Service Recovery Team Leader is to:

- Chair the Service Recovery Team
- Ensure the immediate actions are carried out as appropriate
- Act as the link with the Ops Group and translates strategic guidance into tactical action.

Operations Group (Ops Group)

The Ops Group, when convened, will normally be chaired by the Duty Director. Depending on the time, scale and known details of the event or situation, this role may at any point be delegated to the EMRT Duty Manager, but with the Duty Director retaining responsibility for the strategic management of the event or situation. Further details are included in the SCC Corporate Incident Management Plan.

The role of the Ops Group is to:

- Confirm the nature and extent of an incident
- Ensure welfare of all individuals at all times
- Allocate an incident alert level and review as appropriate
- Confirm resources required to facilitate an effective response
- Ensure good communication with all those involved in the incident and relevant interested parties are informed and involved

- Confirm and communicate a 'stand-down' when appropriate
- Commission a de-brief where appropriate
- Consider environmental impacts of the incident and
- Consider if an EQIA is required for the incident.

Communications Team (comms team)

The role of the comms team is to:

- Assess whether a MIG (Multiagency Information Group) needs to be called, and chair if so
- Draft messages and identify channels for internal and external communications and execute and
- Use ongoing flow of information to review and adapt communication plan and messages as appropriate.

Additional Bodies

Further details on incident roles and responsibilities in responding to a business continuity incident can be found in the Corporate Resilience Policy and Corporate Incident Management Plan.

Section 3 - Appendices

Appendix 1 – Action/Incident Log
Appendix 2 – SCC Incident Report Form
Appendix 3 – Critical Activities & Contingency arrangements
Appendix 4 – Dependencies & Contact Details
Appendix 5 – Alternate Working arrangements
Appendix 6 – Plan Dependencies
Appendix 7 – Exercising & Activations

Appendix 1 – Action/Incident Log

Action / Incident Log

OFFICER'S NAME: **SHEET NO:** **SERVICE:** **DATE:**

Ref e.g. 001 / 002	Time (24hrs)	Event	Action

Appendix 2 – SCC Incident Report Form

Event/ Incident Date Time Person reporting Contact Number	Person recording Head of Service notified (date/time)?
--	--

Event/Incident Information

Description of Event Including time(s) and location, postcode etc.	
Impact What is the effect of the incident on people, premises and provision of service? Are any critical activities affected?	

Action

Actions already taken By whom and to what affect	
Actions needed Include priorities	

Communication

Who has been notified	
Partners / stakeholders	
Members	
Others	

Update

Recovery expected (give time / date)	
Next Update due	

Appendix 3 – Critical Activities & Contingency arrangements

Refer to the BIA for details of the Business Unit, Activity Number and Risk Category Score.

Business unit	Activity number	Risk category score	Activity description	MTPD	RTO	Contingency arrangements e.g. relocation to other premises, transfer of work to other departments, access to critical documents or equipment if the normal storage location is inaccessible etc.
A4 Fin	1	4	Investment Manager - Access to NT GCM portal is via portal manager, and HSBC is via CHAPS.	<12 hours	1-10 hrs	Refer to SCC Treasury for assistance on authorising/approving of portal manager via HSBC.
B I&S	1	4	Monitoring Market Value	1 day	1 day	Officers would rely on other external internet access to contact Northern Trust (NT).
B I&S	2	4	Transactions	1 day	1 day	Officers require SPT Sharepoint and email availability to contact NT and Fund Managers.
B I&S	3	4	Capital Calls	1 day	1 day	Officers require SPT Sharepoint and email availability to contact NT and Fund Managers.
C SD	1	5	Access to Altair	1 hour	<1 hr	Disaster Recovery Procedure, Access to Backup System.
C SD	2	5	Access to SCC Network including internet and Microsoft application	1 hour	<1 hr	Disaster Recovery Procedure within SCC protocol.
C SD	3	4	Access to i-Connect	12 hrs	<12 hrs	Delayed uploads, communication to users of downtime. Longer term disruption delays collection of data leading to manual collection via Secure Email.

Appendix 4 – Dependencies & Contact Details

Resource	Contact	Office Number	Mobile Number
Duty Officer, EMRT, SCC	Helen Doherty, Deputy Head of EMRT		07971 792223
SCC IT & D – IT & D Helpdesk For SCC network, internet, MS applications and Sharepoint	IT & D Helpdesk	020 8541 9000 option 2	
Heywood contact - for Altair	Shenley Gallimore-Clements, Senior Customer Relationship Manager	+44 (0) 161 613 4212	
Northern Trust Portal – Global Custodian	Simon Payne, Client Service Manager	+44 207 982 1584	
HSBC Portal – SPF Bank	Matthew E Powell, Relationship Director Matthew.e.powell@hsbc.com		+44 7468 703 026

Key Contacts based on Critical Activities

Role	Contact	Office Number	Mobile Number	Critical activity reference (reference e.g. A1)
Asst Director, LGPS Senior Officer	Neil Mason		07896 791797	A4, B, C and D
Head of Investment & Stewardship (I&S)	Lloyd Whitworth	020 8213 2738		B1, B2 and B3
Deputy Head of Investment & Stewardship	Mel Butler			B1, B2 and B3
Head of Accounting & Governance	Colette Hollands			A4
Deputy Head of Accounting & Governance	Keevah Dumont		07977 664197	A4
Head of Service Delivery	Tom Lewis		07583 072853	C1, C2 and C3
Deputy Head of Service Delivery	Jim Woodlingfield		07580 741013	C1, C2 and C3
Deputy Head of Service Delivery	John Coombes		07971 724101	C1, C2 and C3
Head of Change Management	Nicole Russell		07890 511586	D
Business Support Officer	Kate Penfold		07896 277973	General support
Risk and Compliance Manager	Siva Sanmugarajah		07971 673012	CRRF Representative

Appendix 5 – Alternate Working arrangements

Critical activity reference e.g. A1	Which <u>critical staff</u> are unable to work flexibly (e.g. don't have a laptop) and require a hot desk?	What are their minimum workspace requirements at the back up location e.g. a meeting room, access to Wi-Fi, access to SCC network
N/A	None	N/A

Business unit e.g. A	Which <u>non-critical staff</u> are unable to work flexibly (e.g. don't have a laptop) and require a hot desk?	What are their minimum workspace requirements at the back up location e.g. a meeting room, access to Wi-Fi, access to SCC network
N/A	None	N/A

Appendix 6 – Plan Dependencies

Internal plans that may impact on the BCP.

- *Please detail arrangements here if relevant*

External plans that may impact on the BCP.

- *Please detail arrangements here if relevant*

Appendix 7 – Exercising & Activations

Details below of occasions when this plan has been exercised or activated

Date	Exercise/ Activation	Details

Section 4 – Glossary

A & G	ACCOUNTING & GOVERNANCE
AVC	ADDITIONAL VOLUNTARY CONTRIBUTIONS
BACS	BANKERS AUTOMATED CLEARING SYSTEM
BCPP	BORDER TO COAST PENSION PARTNERSHIP
BCP	BUSINESS CONTINUITY PLAN
BIA	BUSINESS IMPACT ASSESSMENT
CM	CHANGE MANAGEMENT
CHAPS	CLEARING HOUSE AUTOMATED PAYMENT SYSTEM
CRRF	COUNCIL RISK AND RESILIENCE FORUM
CRT	CUSTOMER RELATIONSHIP TEAM
DWP	DEPARTMENT FOR WORK & PENSIONS
DR	DISASTER RECOVERY
EMRT	EMERGENCY MANAGEMENT & RESILIENCE TEAM
ERD	EMERGENCY RESPONSE DIRECTORY
ELT	EXTENDED LEADERSHIP TEAM
EQIA	EQUALITY IMPACT ASSESSMENT
GCM	GLOBAL CASH MOVEMENT
GPMS	GOVERNMENT PROTECTIVE MARKING SCHEME
GSC	GOVERNMENT SECURITY CLASSIFICATION
LGA	LOCAL GOVERNMENT ASSOCIATION
LGPS	LOCAL GOVERNMENT PENSION SCHEME
HoS	HEAD OF SERVICE
HEYWOOD	PENSION ADMINISTRATION SYSTEM
HSBC	HONGKONG AND SHANGHAI BANK - SPF's BANK

i-CONNECT	EMPLOYER PORTAL
IT	INFORMATION TECHNOLOGY
IMT	INFORMATION MANAGEMENT TECHNOLOGY
I & S	INVESTMENT & STEWARDSHIP
IT&D	INFORMATION TECHNOLOGY & DIGITAL
MIG	MULTI-AGENCY INFORMATION GROUP
MSS	MEMBER SELF-SERVICE
MTPD	MAXIMUM TOLERABLE PERIOD OF DISRUPTION
NFI	NATIONAL FRAUD INITIATIVE
NI	NATIONAL INSURANCE
NINO	NATIONAL INSURANCE NUMBER
NT	NORTHERN TRUST
OPS GROUP	OPERATIONS GROUP
PSLT	PENSION SENIOR LEADERSHIP TEAM
RTO	RECOVERY TIME OBJECTIVE
SD	SERVICE DELIVERY
SRT	SERVICE RECOVERY TEAM
SCC	SURREY COUNTY COUNCIL
SCC CIMP	SCC CORPORATE INCIDENT MANAGEMENT PLAN
SPF	SURREY PENSION FUND
SPT	SURREY PENSION TEAM
TELL US ONCE	MORTALITY SCREENING NOTIFICATION PROCESS
VPN	VIRTUAL PRIVATE NETWORK
WFH	WORK FROM HOME



SURREY LOCAL PENSION BOARD
26 July 2024

**Surrey Pension Fund Internal Audit Progress Report – Quarter 1
(01/04/24 – 30/06/24)**

SUMMARY AND PURPOSE:

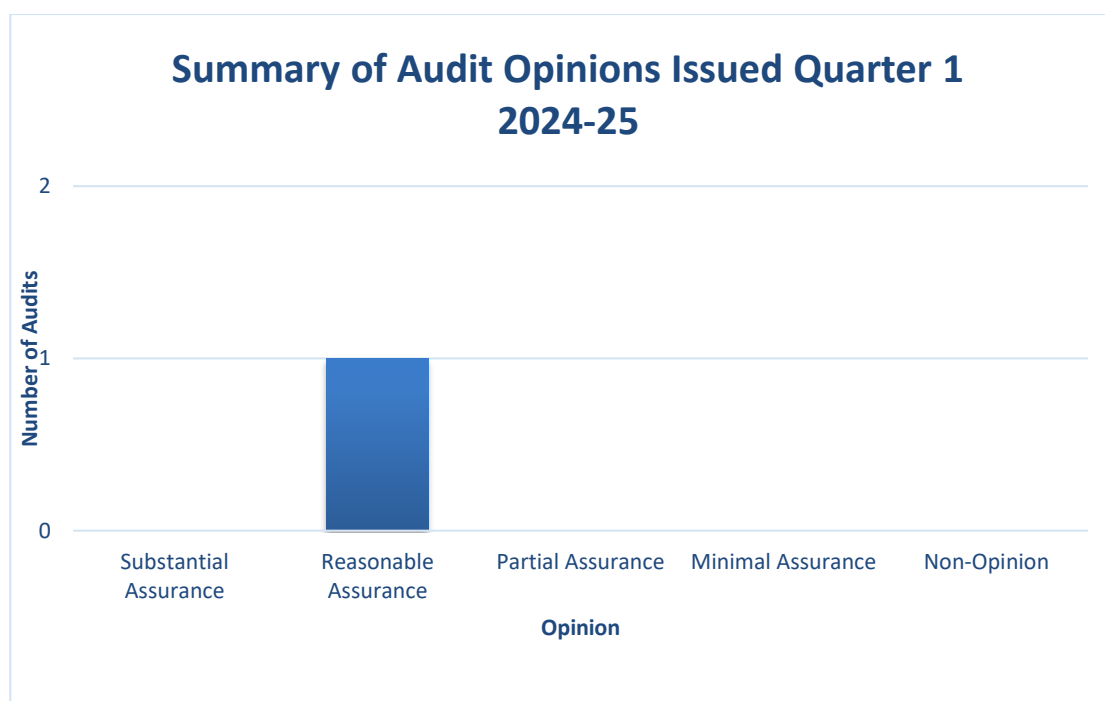
1. The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter one of 2024/25 and provide an update on any high priority actions due for implementation.

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 one are summarized in Appendix A.
4. Reviews completed in this quarter included planned audits only. Overall, the one formal assignment finalised during quarter one reviewing application controls in the i-Connect system 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 July 2024

Sources/background papers:

1. None.

Internal Audit and Counter Fraud

Surrey Pension Fund Internal Audit

Progress Report for Quarter One 2024-25

July 2024

CONTENTS

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

1. Summary of Completed Audits

Pension Fund i-Connect Application

- 1.1 An application control audit of the i-Connect application was finalised in May 2024. This is the application used by the Surrey Pension Fund to help manage the transfer of employee information and changes to admitted bodies payroll data (e.g. new starters and leavers) to the pension administration system (Altair).
- 1.2 This audit was part of our agreed 2023/24 plan, and it set out to ensure appropriate system ownership and responsibilities are known and documented. The audit also reviewed: all major input, processing, and output controls; access controls; and the segregation of data that interface with any other systems.
- 1.3 We found that there are sufficient data safeguarding arrangements in place for the transfer of data between admitted bodies and Altair. Alongside this we found there are appropriate arrangements in place for: separation of access permissions for application users, recording of administrator actions, restrictions on access to the system, data validation, training for users, and technical support.
- 1.4 Overall, we concluded that the opinion in this area was of **Reasonable Assurance**, and we agreed five actions with management (two medium priority and three low priority) to secure improvements in the following areas:
 - Regular changing of application user's passwords (Medium);
 - User account review for employer's leavers (Medium);
 - Documentation of permission review (Low);
 - Review of system administrator activity (Low); and
 - Business continuity documentation (Low)

2. Action Tracking

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

3. Pension Fund Audit Plan Update

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

- 3.2 Due to some additional resource availability, we have agreed with management to add an audit to review the arrangements in place for the outsourcing of a contract to periodically review Overseas Pensioners Life Certification to this year's audit plan.
- 3.3 Below is an overview including relevant updates of the Fund's Internal Audit Plan for 2024/25:

Audit Name	Audit Status	Audit Opinion (If Applicable)
Pension Fund Business Continuity Arrangements		
Pension Fund Governance Arrangements	Scheduled for Q2	
Administration Review (Deaths Admin)	Likely to be in Q3	
Pension Fund Investments		
Admission Arrangements	Likely to be in Q3	
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 quarter 2.	
Overseas Pensioners Life Certification	Terms of Reference has been produced and fieldwork is due to start soon.	

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 REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D'ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: EXTERNAL AUDIT UPDATE

SUMMARY OF ISSUE:

This report provides an update concerning the External Audit of the 2023/24 Financial Statements.

RECOMMENDATIONS:

It is recommended that the Local Pension Board:

1. Note the content of this report.
2. Make any recommendations to the Pension Fund Committee if required.

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, Ernst & Young (EY), carries out an annual audit of the Fund's financial statements including its assets and liabilities.

Audit of 2023/24 Financial Statements

2. The audit timetable was delayed due to EY independence checks and approval not being completed on time. The original start date was 11 March 2024, but the actual start date was 29 April 2024.
3. The draft Accounts 2023/24 for SCC, including the SPF, and the audit plans for the 2023/24 Financial Statements and the SPF were considered by the Council's Audit & Governance Committee at its meeting of 10 July 2024.
4. Whilst the audit plan for SCC's accounts was agreed, agreement of the plan for the SPF was deferred until such time that EY provided details of the costs for the additional work to be undertaken. EY has now provided this information which has been sent to Members of the Audit & Governance

Committee for their comments. A verbal update on this will be provided at this meeting.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

7. Financial and value for money implications have been considered. The process of the audit of the Pension Fund does present potential financial and value for money implications depending on efficiency and effectiveness. These will be monitored during the audit.

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

8. The Interim Executive Director, Finance and Corporate Resources 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.

OTHER IMPLICATIONS:

11. There are no other implications.

NEXT STEPS:

12. The following steps are planned:
 - a) Updates on progress will be presented to the Board as the audit progresses.

Contact Officer:

Keevah Dumont, Deputy Head of Accounting & Governance

Colette Hollands, Interim Head of Accounting & Governance

Annexes:

1. None

Sources/Background papers:

1. None

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SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D’ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: SURREY LOCAL PENSION BOARD ANNUAL REPORT 2023/24

SUMMARY OF ISSUE:

This report summarises activities of the Local Pension Board during 2023/24.

RECOMMENDATIONS:

It is recommended that the Local Pension Board:

1. Note the content of this report.
2. Make any recommendations to the Pension Fund Committee if required.

REASON FOR RECOMMENDATIONS:

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

DETAILS:

1. The Draft Surrey Local Pension Board Annual Report 2023/24 is presented as Annexe 1.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

5. The Interim Executive Director of Finance and Corporate Services 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 or legislative requirements.

EQUALITIES AND DIVERSITY:

7. There are no equality or diversity issues.

OTHER IMPLICATIONS:

8. There are no other implications.

NEXT STEPS:

9. The report at Annexe 1 will be incorporated into Pension Fund Annual Report to be submitted to the Scheme Advisory Board by 1 December 2024.
-

Contact Officer:

Colette Hollands, Interim Head of Accounting and Governance

Annexes:

1. Draft Surrey Local Pension Board Annual Report 2023/24 – Annexe 1

Sources/Background papers:

1. None



DRAFT v1

Surrey Local Pension Board

Annual Report

2023/24

	Section	Page
Chair's Statement	1	2
Compliance checklist	2	3
Meetings and agenda items	3	10
Board attendance and training log	4	10
Board register of interests	5	10



2023/2024 has turned out to be a busy and challenging year for the Pension Fund with the introduction of a new financial system MySurrey (Unit4) in June 2023 and the Pension Regulator (tPR) publishing its new

General Code of Practice.

The Transformation Programme continues to drive improvements with successfully delivering a 3-year strategic plan and the adjacent workforce strategy. Development of a Surrey Pensions One Team dashboard and building on the culture and training within the Surrey Pension Team in line with its Vision and Mission.

The Pension Fund has 355 employers participating in the Fund including county and district councils, schools, academies, colleges, universities and admitted bodies (such as, cleaning, and catering companies performing outsourced services on behalf of participating organisations).

In September, Board Member Fiona Skene stepped down following her retirement. And I would like to thank her for contribution to the work of the Board.

During the year we welcomed Chris Draper as a Member of the Board.

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

The Board's primary function is to assist the Pension Fund Committee and Surrey County Council (as the Administering Authority) with:

- compliance with the Local Government Pension Scheme

(LGPS) Regulations, other relevant legislation and requirements imposed by the Pensions Regulator; and

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

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

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

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

I would like to take this opportunity to thank all members of the Board for their contributions during the year and for the support of officers.

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

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

Tim Evans

Chair of the Surrey Local Pension Board

July 2024

Compliance checklist

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

How the Board does this:

- | | |
|---|--|
| <p>a Review regular compliance monitoring reports which shall include reports to, and decisions made under the Regulations by the Committee.</p> | <p>The Board and Committee receive regular updates regarding their respective activities. The Board and Committee are committed to working together. The Board receives updates on the Border to Coast Pension Partnership (BCPP) pool.</p> |
| <p>b Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.</p> | <p>The Board has oversight of Pension Fund policies and processes.
The Board reviews Key Performance Indicators (KPIs) for pension administration on a quarterly basis</p> |
| <p>c Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.</p> | <p>The Board reviewed employer pension discretions in July 2016 and have continued to monitor compliance over the subsequent years. The Board received a report on Compliance with the Pensions Regulator's Code of Practice No. 14 at its meeting on 11 November 2021. A review is underway by Surrey Pension Team.</p> |
| <p>d Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.</p> | <p>This was reviewed as part of the Fund Annual Report, with specific policies also reviewed periodically in 2023/24 meetings. The Board will review these on an annual basis as part of the Fund Annual Report and as part of its Forward Plan.</p> |
-

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

How the Board does this:

<p>e Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.</p>	<p>The Board was provided with an outline of the current communications channels for members and employers as part of a training session in October 2015. The Draft Communications policy was presented to the Board at its meeting on 17 February 2023.</p>
<p>f Monitor complaints and performance on the administration and governance of the scheme.</p>	<p>The Board reviews complaints on a quarterly basis.</p>
<p>g Assist with the application of the Internal Dispute Resolution Process.</p>	<p>The Board receives a quarterly update on the number of Internal Dispute Resolution Process cases and monitors any key themes emerging from these.</p>
<p>h Review the complete and proper exercise of Pensions Ombudsman cases.</p>	<p>N/A – No current or outstanding Ombudsman cases to consider</p>
<p>i Review the implementation of revised policies and procedures following changes to the Scheme.</p>	<p>N/A – No changes. The Board is fully conversant on current proposed changes to the LGPS regulations through regular bulletins within the standing item Recent developments in the LGPS</p>
<p>j Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.</p>	<p>The Board will review its own training needs on an annual basis. A knowledge and understanding log is included in the Board's annual report. All Board members are required to complete the Pension Regulator Public Sector toolkit in order to comply with the Board's Attendance, Knowledge and Understanding policy.</p>

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

How the Board does this:

k	Review the complete and proper exercise of employer and administering authority discretions.	The Board received a verbal update on discretions on 11 November 2021. A review is underway by the Surrey Pension Team.
l	Review the outcome of internal and external audit reports.	The Board complies with Surrey County Council's agreed process for internal audit reports being considered by scrutiny boards. This means all relevant audit reports are circulated to the Chairman, and any report with one or more high priority recommendation will be considered for discussion at the Board. The results of any external audit are shared with the Board.
m	Review draft accounts and scheme annual report.	The Board received both the Draft Statement of Accounts and Fund Annual Report 2022/23 on 30 November 2022.
n	Review the compliance of particular cases, projects or process on request of the Committee.	N/A
o	Any other area within the core function (i.e., assisting the Administering Authority) the Board deems appropriate.	The Board receives regular Breach of Law updates as and when potential breaches occur, the last report was on 18 February 2022.

Meeting date	Agenda items
19 May 2023	<ol style="list-style-type: none"> 1. Action Tracker and Forward Plan 2. Summary of the Pension Fund Committee Meeting of 10 March 2023 3. Risk Register 2022/23 Quarter 4 4. MySurrey (Unit4) – Programme Status 5. Administration Performance Report 1 January 2022 - 31 March 2023 6. Change Programme Update 7. Internal Audit Update 8. 2022 Valuation 9. The Pensions Regulator – Public Service Governance & Administration Survey 2023 10. LGPS Update (Background Paper)
28 July 2023	<ol style="list-style-type: none"> 1. Action Tracker and Forward Plan 2. Summary of the Pension Fund Committee Meetings of 16 June 2023 3. Risk Register 2023/24 Quarter 1 4. Administration Performance Report 1 April 2023 - 30 June 2023 5. Legacy Rectification 6. Change Programme Update April – June 2023 7. Internal Audit Progress Report – July 2023 8. 2022 Valuation 9. Surrey Local Pension Board Annual Report 2021/22 10. Surrey Local Pension Board Annual Report 2022/23 11. LGPS Update (Background Paper)
10 November 2023	<ol style="list-style-type: none"> 1. Glossary, Action Tracker and Forward Plan 2. Change Programme Update – July – September 2023 3. Summary of the Pension Fund Committee Meeting of 8 September 2023 4. Risk Register Update 2023/24 Quarter 2 5. Administration Performance Report and Update 1 28 July 2023 - 30 September 2023 6. Business Continuity Plan Update 7. Internal Audit Progress Report – November 2023 8. External Audit Update 9. LGPS - Background Papers

Meeting date	Agenda items
16 February 2024	<ol style="list-style-type: none">1. Glossary, Action Tracker and Forward Plan2. Change Programme update October to December 20233. Communication Policy Statement 2024/254. Summary of the Pension Fund Committee Meeting of 15 December 20235. Administration Performance Report and Update – 1 October 2023 to 31 December 20236. Risk Register 2023/24 - Quarter 37. Business Continuity Plan – Interim Update8. Internal Audit Progress Report February 20249. External Audit Update10. The Pensions Regulator – General Code of Practice11. The Pension Regulator – Scheme Return12. LGPS Update - Background Paper

Board attendance and training log 4

Members of the Local Pension Board

Name	Position	Representing	Appointed	Appointment ended
Tim Evans	Chair	Independent Chair	19/07/2021	-
David Lewis	Vice-Chair	Scheme Employers	19/07/2021	-
Brendan Bradley		Scheme Employers	06/12/2022	-
Chris Draper		Scheme Employers	15/11/2023	-
Siobhan Kenedy		Scheme Members	29/04/2020	-
William McKee		Scheme Members	19/07/2021	-
Fiona Skene		Scheme Employers	10/12/2020	22/09/2023
Jeremy Webster		Scheme Employers	19/07/2021	-
Trevor Willington		Scheme Members	17/07/2015	-

Meeting attendance

Name	May 2023	July 2023	November 2023	February 2024
Tim Evans	✓	✓	Online	✓
David Lewis	✓	✓	✓	✓
Brendan Bradley	✓	X	✓	X
Chris Draper	N/A	N/A	N/A	✓
Siobhan Kenedy	Online	X	✓	✓
William McKee	✓	✓	Online	✓
Fiona Skene	Online	X	N/A	N/A
Jeremy Webster	✓	✓	✓	✓
Trevor Willington	X	✓	✓	✓

Key ✓ = Attended

Training of current Board members

Training	Tim Evans	David Lewis	Jeremy Webster	William McKee	Trevor Willington	Siobhan Kennedy	Brendan Bradley	Chris Draper (new)
TPR Public Service Toolkit	-	✓	✓	✓	✓	✓	✓	✓
TPR Trustee Toolkit	-	-	-	-	✓	✓	✓	-
Local Government Association Fundamentals 1	-	✓	✓	✓	✓	✓	-	-
Local Government Association Fundamentals 2	-	✓	✓	✓	-	✓	-	-
Local Government Association Fundamentals 3	-	✓	✓	✓	✓	✓	-	-
LOLA v2 Unit 1	-	✓	✓	-	-	✓	✓	-
LOLA v2 Unit 2	-	✓	✓	-	-	✓	✓	-
LOLA v2 Unit 3	-	✓	✓	-	-	✓	✓	-
LOLA v2 Unit 4	-	✓	✓	-	-	✓	✓	-
LOLA v2 Unit 5	-	✓	✓	-	-	✓	✓	-
LOLA v2 Unit 6	-	✓	✓	-	-	✓	✓	-
LOLA v2 Unit 7	-	N/A	N/A	-	-	✓	✓	-
LOLA v2 Unit 8	-	N/A	N/A	-	-	✓	✓	-

Training	Tim Evans	David Lewis	Jeremy Webster	William McKee	Trevor Willington	Siobhan Kennedy	Brendan Bradley	Chris Draper (new)
LOLA v2 Current Issues	-	N/A	N/A	-	-	✓	✓	-

Key ✓ = Attended

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

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

A conflict of interest would prejudice an individual’s ability to perform their duties and responsibilities towards the Local Pension Board in an objective way. An example of a potential conflict of interest could be:

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

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

Register of interests

Name	Employment	LGPS Pension?	Conflict with Employment?	Other Conflicts
Tim Evans	Yes	Yes	No	N/A
David Lewis	Not in paid Employment	No	No	N/A
Brendan Bradley	Head of Finance for Epsom & Ewell Borough Council.	No	No	N/A
Chris Draper	Business Manager for Collingwood College, Camberley	No	No	N/A
Siobhan Kennedy	Homelessness, Advice & Allocations Lead for Guildford Borough Council.	No	No	N/A
William McKee	Retired – T/A Consultancy	Yes	No	N/A
Fiona Skene	Corporate Head of HR & OD – for Runnymede Borough Council	No	No	N/A
Jeremy Webster	Not in paid Employment	Yes	No	N/A
Trevor Willington	Not in paid Employment	Yes	No	N/A



SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 26 JULY 2024

**LEAD OFFICER: ANNA D'ALESSANDRO, INTERIM EXECUTIVE DIRECTOR,
FINANCE AND CORPORATE SERVICES**

SUBJECT: LGPS UPDATE (BACKGROUND PAPER)

SUMMARY OF ISSUE:

This report considers recent developments in the Local Government Pension Scheme (LGPS).

RECOMMENDATIONS:

It is recommended that the Local Pension Board:

1. Note the content of this report.

REASON FOR RECOMMENDATIONS:

The report provides background information for the Board.

DETAILS:

Highlights

1. Letter from Minister for Local Government

On 15 May 2024, the Minister for Local Government wrote to the Chief Executive Officers and Section 151 officers of the LGPS Funds regarding efficiencies in the LGPS. More can be found in paragraph 10.

2. Abolition of Lifetime Allowance (LTA)

Further updates to guides and information have been made following the abolition of the LTA. More can be found in paragraphs 5, 6, 15, 41 and 42.

3. McCloud limited consultation

A limited consultation held on McCloud and the inclusion of underpin figures in Annual Benefit Statements for those affected. More can be found in paragraph 17.

4. Good Governance recommendations

A consultation was expected following the Scheme Advisory Board recommendations but will now be delayed. More can be found in paragraphs 26 and 27.

LGPS Updates

5. The Local Government Association (LGA) guide on the Abolition of the Lifetime Allowance (LTA) has had a few updates since it's issue on 22 March 2024, confirming His Majesty's Revenue and Customs (HMRC) have advised the new method of valuing crystallised rights when assessing if a trivial commutation lump sum can be paid is under review. The guide has also been updated to reflect that under the new legislation, Additional Voluntary Contributions (AVCs) cannot be paid as a Pension Commencement Excess Lump Sum where there is not sufficient Lump Sum Allowance or Lump Sum and Death Benefit Allowance.
6. Following the removal of the LTA and the introduction of the new limits, a consultation was expected from the Department for Levelling Up, Housing and Communities (DLUHC) on the long-term policy on allowing a Pension Commencement Excess Lump Sum (PCELS) to be paid from the LGPS and if so, what the limit should be. This has now been delayed due to the general election and in the interim an email was forwarded on from DLUHC setting out what administering authorities should do in the meanwhile and the LGA's guide has been updated to reflect this.
7. The Education and Skills Funding Agency has released new [LGPS guidance for Academies](#). Key areas of the guidance are an LGPS overview, regular valuations, LGPS academy guarantee from the Department for Education, pooling, academy conversions and transfers and engaging with the LGPS.
8. The Education and Skills Funding Agency have also updated [guidance on academies and LGPS liabilities](#) to include a definition of a 'pass-through arrangements'.
9. The LGA have set up a new webpage to advertise current [LGPS vacancies](#), which they plan to update every Monday. The LGPS investment pool Border to Coast has produced a short video that can be found on the webpage to help encourage interest in working in the LGPS, talking about the work of the funds and the importance of the LGPS for its members.
10. On 15 May 2024, the Minister for Local Government wrote to Chief Executive Officer's (CEOs) and Section 151 officers of LGPS Funds regarding [efficiencies in the LGPS](#). The ask from the minister is to gather information from Funds on the progress of asset pooling in the LGPS and the views of Funds on the opportunities for further efficiencies in the scheme. Senior pension fund officers are working in concert with our 10 local authority partners of our jointly owned asset pool, Border to Coast, to address this. The Scheme Advisory Board has issued [a statement](#) along with drafted suggested text authorities may wish to use in their response.

11. The LGA have updated several [member](#) and [employer](#) guides to incorporate the latest on the McCloud position, removal of the Lifetime Allowance (LTA) and the new lump sum allowances introduced, along with other minor changes.
12. A change to the LGPS Regulations had been recommended to DLUHC by the National Technical Group to amend regulations when concurrently combining membership in certain scenarios. As this has still not been implemented since the introduction of the regulations in April 2014, the group agreed to longer pursue the amendment.
13. Booking is now open for 2024 Fundamentals training, which is a 3 day training course aimed at Councillors and others who attend pension committees and local pension boards. The course provides a scheme overview and covers current issues in relation to administration, investment, and governance in the LGPS, with the option of attending in person in London or York, or online via Zoom. LGA [bulletin 252](#) contains further information and links for booking (page 16).

McCloud

14. The LGA in conjunction with the Communications Working Group have produced standard wording that can be used in the 2024 Annual Benefit Statements.
15. HMRC published pension schemes [newsletter 158](#) which covered the consequences of abolishing the LTA on the McCloud remedy.
16. HMRC confirmed in [newsletter 159](#) an update to previous guidance issued regarding the tax treatment of interest payments on arrears as a result of a McCloud recalculation, that if the interest is paid on an authorised payment the whole interest payment will be an authorised payment.
17. The DLUHC launched a limited technical consultation, which closed on 9 July 2024, on whether underpin information is included in Annual Benefit Statements (ABS) for the scheme years 2023/24 and 2024/25. Currently legislation requires the inclusion of this for active members from 2023/24 onwards, for deferred members the rules are less specific. The draft regulations within the consultation would mean administering authorities would have discretion and would not need to include estimated underpin figures for the 2023/24 ABS, implementing the approach DLUHC set out in its response to the McCloud consultation (paragraph 118), with the amendment being backdated to 1 October 2023, covering the 2023/24 ABS' that may be sent before the regulations are made. DLUHC are also seeking views in extending this further for certain members or classes of members, if the administering authority consider it reasonable to do so for the 2024/25 ABS. This would mean authorities using this discretion would need to decide before 31 July 2025 and inform affected members in the ABS for 2024/25, but to avoid this discretion being used too broadly and delaying the McCloud remedy, DLUHC are consulting on whether guidance should be issued about such circumstances where it may be appropriate to apply this discretion.

18. The DLUHC has issued the final statutory guidance on the McCloud implementation, providing the Government's views on the approach that should be taken in certain types of cases, together with how certain technical issues should be approached should they arise, thereby leading to a consistent approach across the LGPS.
19. The DLUHC have issued new actuarial guidance on trivial commutation, effective from 17 June 2024, providing additional information about how the McCloud remedy affects trivial commutation calculations.

Scheme Advisory Board (SAB)

20. The SAB have published a [short document](#) giving a high-level overview of the key areas in the new [Annual Report Guidance](#) where there has been significant changes or new reporting added and the LGPS Live also addressed the new guidance on 10 April 2024. A recording of the session is available on the [LGPS Live website](#). Towards the end of 2024, the SAB intend to briefly review the guidance by obtaining feedback from administering authorities on their experience of implementing the guidance.
21. On 12 April 2024 the LGA published a technical briefing on the [Economic Activity of Public Bodies \(Overseas\) Matters Bill](#), commenting on proposed amendment and current concerns about the Bill. The Bill is at [Committee stage](#) and was discussed for a second time in the House of Lords on 17 April 2024. A recording of the session is available on [parliament.tv](#), with the discussion starting from 16:28:35. To date none of the amendments proposed by peers, or the LGA, have been incorporated into the Bill.
22. On 11 April 2024 the Government Actuary's Department (GAD) published the [2020 cost control valuation](#) for the LGPS (England and Wales), which found the core 'cost cap' fell outside the 3% corridor, being 3.2% below the target cost. The new 'economic cost cap cost' also fell outside the 3% corridor, being 7.3% above the target cost. Overall, this means the mechanism, as a whole, is not breached therefore the Government is not proposing to make any changes to scheme benefits. The SAB are required to undertake a scheme cost assessment and the final report will be published shortly. Having already seen the initial results the SAB have agreed they are not minded in recommending to the Secretary of State any changes to scheme benefits through that process. More information can be found on the [SAB website](#).
23. A subgroup has begun a detailed review of the Funding Strategy Statement (FSS) guidance, which was last updated in 2016, with aims of making the guidance shorter, sharper and more accessible for all stakeholders such as employers.
24. As part of their work on the gender pensions gap in the LGPS, the SAB are looking for employers interested in taking part in further research to help identify the underlying causes of the gap and ways to help close this gap.

25. The SAB sent a [letter to the Chief Secretary to Treasury](#) about the gender pensions gap, suggesting the Government take a consistent and active approach across all public sector schemes.
26. With the announcement of the general election, DLUHC's consultation on the Good Governance recommendations will be delayed. The consultation was expected to include changes to regulations 55 (governance compliance statements) and 59 (pension administration strategy) along with guidance to implement most of the recommendations made. The SAB will ensure the implementation of the Good Governance recommendations is raised as a priority with the Minister when the new Government is formed.
27. Whilst the implementation of the Good Governance recommendations should help resolve some of the ambiguity in the General Code for the LGPS, it is recommended administering authorities should not delay reviewing their compliance while awaiting the consultation. There is no regulatory timescale to comply with the General Code and TPR strongly recommend having a clear action plan setting out how and when administering authorities plan to address the General Code compliance.
28. The SAB met with The Pensions Regulator (TPR) to discuss the review of the public sector toolkit and whilst TPR have said it is being revised they could not commit to it remaining a standalone product, but it may be incorporated into a series of thematic toolkits TPR is producing.
29. The SAB issued a short survey on 20 May 2024 to employers to assist their understanding in why some people choose to opt out of the LGPS. The 53 responses have been analysed and the SAB have set out a paper outlining the main findings and suggested next steps for action has been submitted to the Cost Management, Benefit Design and Administration Committee for its meeting on 1 July 2024.
30. The SAB has published its [eleventh Scheme Annual Report](#) which is aimed to provide a single source of information about the status of the LGPS for its members, employers and other stakeholders, combining information supplied in the England and Wales LGPS fund annual reports as of 31 March 2023 for the reporting year 2022/23.
31. The SAB and the Institute of Chartered Accountants in England and Wales (ICAEW) have published an [informer document](#) to explain the timeline and information flow for the triennial valuation and accounting/audit purposes with the primary audience being Scheme employers and their external auditors.
32. The SAB are researching the longer-term future of the data compliance system which supports the [LGPS Code of Transparency](#) and will be launching an early market engagement exercise shortly.

33. The Education and Skills Funding Agency (ESFA) is the [ultimate guarantor of academy schools](#) and the SAB have been asked to confirm its view that the ESFA is a body whose rights and/or liabilities under the Scheme may be the subject of decisions made by the administering authority. For example, in connection with decisions relating to the exit of an academy school and whether exit payments or credits are due, ESFA should be kept informed and is entitled to make representations as to its interests.

Pensions Dashboard Programme (PDP)

34. The PDP published its ninth [progress update report](#) on 26 April 2024, which looks back at the achievements since October 2023, together with looking ahead on focus areas for the next six months.
35. The Pensions Regulator (TPR) have published a '[Check your connection by date](#)' tool to enable administrators work out their connection date to the dashboards ecosystem. For the LGPS the connection date is 31 October 2025.
36. On 27 March 2024 the Financial Conduct Authority (FCA) launched a consultation, which closed on 8 May 2024, on [new guidance for firms intending to offer dashboards to customers](#).
37. The PDP have published an updated version of the [data standards](#), which covers the data requirements for 'finding' and 'viewing' pensions information, together with a [blog](#) on the new version.
38. On 14 May 2024 the Pensions Administration Standards Association (PASA) published an [update](#) from its dashboards working group, outlining ongoing development of guidance and resource relating to additional voluntary contributions, test case matrix, matching and data readiness.
39. The National LGPS Framework for [Integrated Service \(ISP\) and Member Data Services](#) is now live.
40. TPR will start their programme of nudge communications shortly and will be sending a series of five emails in the run up to the connection date. The emails will contain key messages about where TPR expects administering authorities to be in the dashboard implementation process. In November 2024 TPR will be sending their first dashboards readiness survey covering nine key areas including awareness of duties, preparation for connection, data preparation, compliance and engagement.

His Majesty's Revenue and Customs (HMRC)

41. HMRC have published a [consolidated version of all the frequently asked questions](#) on the abolition of the LTA.
42. HMRC have updated the Pensions Tax Manual (PTM) with the changes brought about by the abolition of the LTA. Any changes subject to further regulations will be highlighted in the PTM by pointing users towards the relevant LTA newsletters.

The Pensions Regulator (TPR)

43. TPR published its new [Corporate Plan 2024 to 2027](#), setting out TPR's direction for the next three years, how it will protect savers money, help to enhance the pensions system and support innovation in the interests of savers.
44. The Chief Executive at TPR delivered a [keynote speech](#) at Professional Pensions Live on 22 May 2024 covering the corporate plan, driving value for money, securing the future for defined benefit schemes, raising standards across all scheme types, data quality and TPR's future approach to regulation. There is also an accompanying [press release](#).

The Pensions Ombudsman (TPO)

45. TPO published a [blog](#) on its operating model review, which aims to improve TPO's efficiency and reduce waiting times. The three areas of focus for improvement are resolution team changes, expedited determinations and thresholds for accepting complaints.

Other News and Updates

46. The Court of Appeal published its verdict on 17 April 2024 on the case brought about by the [British Medical Association \(BMA\) and the Fire Brigades Union \(FBU\) vs HMT](#). Previously the High Court ruled that HMT's decision to include the McCloud remedy in the cost cap mechanism was not unlawful, following this the unions took their appeal to the Court of Appeal which has also dismissed their appeal. The FBU have announced in a [press release](#) that it is seeking permission to appeal to the Supreme Court.
47. The Government Actuary's Department (GAD) have published the [2020 cost control valuation results](#) along with the [reports](#), which covers 20 public service pension schemes across all regions of the United Kingdom.
48. The Pensions Scams Industry Group (PSIG), which is a voluntary body created by the pensions industry to combat pension scams, have consulted on its [future strategy](#) with the aim of understanding the value provided by PSIG, possible direction and how this could be achieved, including possible funding options.
49. The Government have launched a digital service, '[Check your State Pension Forecast](#)', designed to make it easier for individuals to check for and fill any gaps in their National Insurance record to help increase their State Pension.
50. PASA has published new guidance, [Data Presence v Accuracy](#), which sets out why data should not just be present but accurate and provides suggestions on how administrators can improve and maintain their data accuracy.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

INTERIM EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

54. The Interim Executive Director of Finance and Corporate Services is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

55. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

56. There are no equality or diversity issues.

OTHER IMPLICATIONS:

57. There are no other implications.

NEXT STEPS:

58. No next steps are planned.

Contact Officer:

Colette Hollands, Interim Head of Accounting and Governance

Annexes:

1. None.

Sources/Background papers:

1. None.