

## Notice of Meeting

# Surrey Local Pension Board



<b>Date &amp; time</b>	<b>Place</b>	<b>Contact</b>	<b>Chief Executive</b>
Friday, 15 November 2024 at 10.00 am	Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF	Joss Butler, Committee Manager joss.butler@surreycc.gov.uk	Terence Herbert

**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 Joss Butler, Committee Manager on [Joss.butler@surreycc.gov.uk](mailto:Joss.butler@surreycc.gov.uk) .**

**This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Joss Butler, Committee Manager on [joss.butler@surreycc.gov.uk](mailto:joss.butler@surreycc.gov.uk).**

### **Board Members**

Tim Evans (Independent Chair), Vacancy (Vice-Chair), Jeremy Webster (Employer Representative), Brendan Bradley (Employer Representative), Chris Draper (Employer Representative) Trevor Willington (Member Representative) Siobhan Kennedy (Member Representative) William McKee (Member Representative); Lisa Fogerty- Scott (Member Representative)

### **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: 26 JULY 2024**

(Pages 7  
- 16)

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

**3 DECLARATIONS OF INTEREST**

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

**Notes:**

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

**4 QUESTIONS AND PETITIONS**

To receive any questions or petitions.

**Notes:**

1. The deadline for Member's questions is 12.00pm four working days before the meeting (11 November 2024).
2. The deadline for public questions is seven days before the meeting (8 November 2024)
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

**5 GLOSSARY, ACTION TRACKER & FORWARD PROGRAMME OF WORKS**

(Pages  
17 - 42)

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

**6 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 13 SEPTEMBER 2024**

(Pages  
43 - 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 IMPROVING THE GOVERNANCE OF THE SURREY PENSION FUND UPDATE** (Pages 49 - 74)
- This report is to provide Local Pension Board members with an update on recent improvements to the governance of the Surrey Pension Fund, recommended by the Pension Fund Committee at its meeting of 13 September 2024 and approved by full Council at its meeting of 8 October 2024. This including amendments to the Pension Fund Committee Terms of Reference and Surrey County Council's scheme of delegations. Following the last Committee meeting in September, it was agreed to support and recommend approval at Surrey County Council Full Council meeting (8 October 2024) of the proposed changes to the Councils Pension Fund Committee Terms of Reference and Scheme of Delegations.
- 8 SURREY PENSION TEAM OVERVIEW - QUARTER 2** (Pages 75 - 86)
- 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 July - September 2024.
- 9 CHANGE MANAGEMENT UPDATE** (Pages 87 - 92)
- This paper details the Change Team Quarterly Report of activity for the period July – September 2024.
- 10 SERVICE DELIVERY OVERVIEW** (Pages 93 - 110)
- 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.
- 11 RISK REGISTER UPDATE 2024/25 QUARTER 2** (Pages 111 - 142)
- This report considers the changes made to the Risk Register for the Surrey Pension Team during Quarter 2 of 2024/25.
- 12 THE PENSIONS REGULATOR GENERAL CODE OF PRACTICE** (Pages 143 - 168)
- This report provides the Local Pension Board (the Board) with an update on the status of compliance with The Pensions Regulator's (tPR) General Code of Practice.
- 13 ACTUARIAL UPDATE 2025 VALUATION PLANNING** (Pages 169 - 178)
- This report provides the Local Pension Board (the Board) with an Actuarial update on the 2025 Triennial Valuation planning being undertaken by the Fund actuary, Hymans Robertson.
- 14 SURREY PENSION FUND INTERNAL AUDIT PROGRESS REPORT - QUARTER 2 (01/07/24 - 30/09/24)** (Pages 179 - 180)
- The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter two of 2024/25 and provide an

update on any high priority actions due for implementation.

- 15 SURREY PENSION FUND - EXTERNAL AUDIT UPDATE** (Pages 181 - 182)

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

- 16 LGPS - BACKGROUND PAPERS** (Pages 183 - 190)

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

- 17 DATE OF THE NEXT MEETING**

The date of the next meeting is 21 February 2025.

**Terence Herbert  
Chief Executive**

Published: 7 November 2024

#### **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

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Anyone is permitted to film, record or take photographs at council meetings. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

*Thank you for your co-operation*

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

These minutes are subject to confirmation by the Board at its meeting on Friday, 15 November 2024.

(\* present)

**Elected Members:**

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

**In attendance**

Nick Harrison, Chair of the Pension Fund Committee (online)

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

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

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

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

**38/24 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**39/24 QUESTIONS AND PETITIONS [Item 4]**

There were none.

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

**Speakers:**

Neil Mason, Assistant Director, LGPS Senior Officer

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

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

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

**Speakers:**

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

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

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

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

**Speakers:**



Neil Mason, Assistant Director, LGPS Senior Officer

**Key points raised during the discussion:**

The LGPS Senior Officer highlighted four areas from the report:

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

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

None.

**Recommendations:**

The Board noted the report.

**43/24 CHANGE MANAGEMENT UPDATE [Item 8]**

**Speakers:**

Nicole Russell - Head of Change Management

Amy Wallace – Senior Project Specialist

Colette Hollands, Interim Head of Accounting and Governance

**Key points raised during the discussion:**

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

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

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

None.

**Recommendations:**

The Board noted the report.

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

**Speakers:**

Tom Lewis, Head of Service Delivery  
 Jim Woodingfield, Deputy Head of Service Delivery Benefits Administration  
 Liam Pippard, Principal Auditor  
 Neil Mason, LGPS Senior Officer

**Key points raised during the discussion:**

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

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

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

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

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

None.

**Recommendations:**

The Board noted the report.

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

**Speakers:**

Colette Hollands, Interim Head of Accounting and Governance

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

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

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

**Speakers:**

Colette Hollands, Interim Head of Accounting and Governance

**Key points raised during the discussion:**

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

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

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

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

None.

**Recommendations:**

The Board noted the report.

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

**Speakers:**

Liam Pippard, Principal Auditor

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

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

**48/24 EXTERNAL AUDIT UPDATE [Item 13]**

**Speakers:**

Colette Hollands, Interim Head of Accounting and Governance

**Key points raised during the discussion:**

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

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

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

None.

**Recommendations:**

The Board is noted the report.

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

**Speakers:**

Colette Hollands, Interim Head of Accounting and Governance

**Key points raised during the discussion:**

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

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

None.

**Recommendations:**

The Board noted the report.

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

**Speakers:**

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

**Key points raised during the discussion:**

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

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

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

**Recommendations:**

The Board noted the report.

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

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

## **VOTE OF THANKS**

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

## **MEMBER REPRESENTATIVE VACANCY UPDATE**

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

Meeting ended at: 11.59 am

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**Chairman**

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# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, SENIOR LGPS OFFICER**

**SUBJECT: GLOSSARY, ACTIONS TRACKER & FORWARD PROGRAMME OF WORK**

## **SUMMARY OF ISSUE:**

For Members to consider and comment on the actions tracker and programme of work.

## **RECOMMENDATIONS:**

It is recommended that the Local Pension Board:

1. Notes the content of this report.
2. Makes any recommendations to the Pension Fund Committee if required.
3. Monitors progress on the implementation of recommendations from previous meetings in Annexe 2.
4. Reviews and notes any changes on the forward programme of work in Annexe 3.

## **REASON FOR RECOMMENDATIONS:**

### **Background**

1. A glossary has been provided as Annexe 1, so the Board can 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 programme of work is attached as Annexe 3 for noting.

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### **Contact Officer:**

Adele Seex, Governance Manager

### **Annexes:**

1. Annexe 1 – Glossary
2. Annexe 2 – Actions Tracker
3. Annexe 3 – Forward Programme of Work

**Sources/Background papers:** None

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# Glossary

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FOR SURREY LOCAL PENSION BOARD REPORTS  
& SURREY PENSION FUND COMMITTEE

Surrey Pension Team



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Providing our customers with  
a better tomorrow

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# 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

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#### **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	<b>Accounting Standards Board:</b> UK body that sets accounting standards. A subsidiary body of the Financial Reporting Council
AUM	Assets Under Management
AVC	Additional Voluntary Contributions
<b>B</b>	<b><a href="#">Back to Index</a></b>
B of E	Bank of England
BAU	Business as usual
BBB	British Business Bank
BCE	Benefit Crystallisation Events
BCP	Business Continuity Plan
BCPP	Border to Coast Pensions Partnership
BIA	Business Impact Assessments
<b>C</b>	<b><a href="#">Back to Index</a></b>
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
CRRF	Council Risk and Resilience Forum
CSR	Corporate Social Responsibility, a term under which companies report their social, environmental, and ethical performance

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DAA	Dynamic Asset Allocation
DCU	Deferred choice underpin
DGF	Diversified Growth Fund
DLUHC	<del>Department for Levelling up, Housing and Communities</del> (see MHCLG)
DWP	Department for Work and Pensions

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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
<b>F</b>	<b><a href="#">Back to Index</a></b>
FAIRR	Farm Animal Investment Risk and Return
FCA	Financial Conduct Authority
FED	Federal Reserve
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
<b>G</b>	<b><a href="#">Back to Index</a></b>
GAAP	Generally Accepted Accounting Practice
GAD	Government Actuary’s Department
GCOP	General Code of Practice
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).

ISS Investment Strategy Statement

ISSB International Sustainability Standards Board

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
<b>N</b>	<a href="#"><u>Back to Index</u></a>
NED	Non-Executive Director
NRA	Normal Retirement Age
NT	Northern Trust, Global Custodian
<b>O</b>	<a href="#"><u>Back to Index</u></a>
OECD	Organisation for Economic Co-operation and Development
OOG	Officer Operations Group
ORA	Own Risk Assessment
OTA	Overseas Transfer Allowance
<b>P</b>	<a href="#"><u>Back to Index</u></a>
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
<b>Q</b>	<b><a href="#">Back to Index</a></b>
QROPS	Qualifying Recognised Overseas Pension Schemes
<b>R</b>	<b><a href="#">Back to Index</a></b>
RBCE	Relevant Benefit Crystallisation Events
RI	Responsible Investment
RPI	Retail Price Index
<b>S</b>	<b><a href="#">Back to Index</a></b>
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)
SCAPE	Superannuation Contributions Adjusted for Past Experience
SCC	Surrey County Council
SDG	Sustainable Development Goals
SEC	Security and Exchange Commission
SILB	Sterling Index Linked Bonds
SLA	Service Level Agreements
SLA	Standard Lifetime Allowance

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
<b>T</b>	<b><a href="#">Back to Index</a></b>
TCFD	Taskforce on Climate Related Financial Disclosures
TPAS	The Pension Advisory Service (formerly OPAS)
TPO	The Pension Ombudsman
tPR	The Pensions Regulator
TPS	Teachers' Pension Scheme
TV	Transfer Value
<b>U</b>	<b><a href="#">Back to Index</a></b>
UFPLS	Uncrystallised Funds Pension Lump Sum
UNSDGs	United Nations Sustainable Development Goals
<b>W</b>	<b><a href="#">Back to Index</a></b>
WBA	World Benchmarking Alliance

WCA      Web Content Accessibility  
WDI      Workforce Disclosure Initiative

# Accounting Terms

## Definition - A to Z

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	H	I	<u>J</u>
K	<u>L</u>	M	<u>N</u>	<u>O</u>	<u>P</u>	Q	<u>R</u>	<u>S</u>	<u>T</u>
<u>U</u>	V	<u>W</u>	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 organisation's 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.

<b>KEY</b>			
	No Progress Reported	Action In Progress	Action Completed

Date of meeting and reference	Item	Recommendations/Actions	To	By When	Response	Progress
27 July 2015 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
26 July 2024 <b>A5/24</b>	50/24 LGPS UPDATE (BACKGROUND PAPER)	That the response to the former Minister be shared with members of the Board and Committee.	Assistant Director, LGPS Senior Officer	November 2024	Ministerial Letter circulated to Board and Committee members. Along with joint response from partners Border to Coast Pension Partnership	Completed

### Standing Item for each meeting

<b>Item Number</b>	<b>Report Title</b>	<b>Responsible Service within Pensions</b>
1.	<i>Glossary, Actions Tracker, Forward Programme of Work</i>	<i>A&amp;G</i>
2.	<i>Change Programme Update</i>	<i>CM</i>
3.	<i>Surrey Pension Team Overview – Dashboard update</i>	<i>All – A&amp;G, I&amp;S, CM, SD</i>
4.	<i>Pension Committee Summary including Border to Coast update (Summary Paper)</i>	<i>A&amp;G</i>
5.	<i>Service Delivery Overview</i>	<i>SD</i>
6.	<i>Legacy Update (inc. in Service Delivery Overview Report)</i>	<i>SD</i>
7.	<i>Risk Overview (Risk Register)</i>	<i>A&amp;G</i>
8.	<i>Internal Audit Update</i>	<i>A&amp;G</i>
9.	<i>External Audit 2023/24 Audit Update</i>	<i>A&amp;G</i>
10.	<i>LGPS – Background report</i>	<i>A&amp;G</i>

### Key

Accounting & Governance (A&G)

Investment & Stewardship (I&S)

Change Management (CM)

Service Delivery (SD)

**Date: 15 November 2024**

Item Number	Report Title	Responsible Service within Pensions
11.	LPB Draft Annual Report Update (Inc as part of <i>Pension Committee Summary</i> )	A&G
12.	TPR's General Code of Practice	A&G
13.	Actuarial update: 2025 valuation planning	A&G
14.	Improving the Governance of the Surrey Pension Fund Update	Senior LGPS Officer

**Date:21 February 2025**

Item Number	Report Title	Responsible Service within Pensions
14.	Communication Policy Review	CM
15.	Training Policy Review	CM
16.	Administration strategy – draft (Inc.as part of Service Delivery Overview Report) TBC	SD
17.	Scheme Return	A&G
18.	Conflicts of Interest Review	A&G



**Q1 TBC Date: 2025**

Item Number	Report Title	Responsible Service within Pensions
19.		
20.		
21.		

**Q2 TBC Date: 2025**

Item Number	Report Title	Responsible Service within Pensions
22.	Draft Annual Report	
23.		
24.		

**Q3 TBC Date: 2025**

Item Number	Report Title	Responsible Service within Pensions
25.	LPB Draft Annual Report Update (Inc as part of Pension Committee Summary)	
26.		
27.		

**Q4 TBC Date: 2026**

Item Number	Report Title	Responsible Service within Pensions
28.		
29.		
30.		

**Key**

Accounting & Governance (A&G)

Investment & Stewardship (I&S)

Change Management (CM)

Service Delivery (SD)



# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 13 SEPTEMBER 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. Notes the content of this report.
2. Makes any recommendations to the Pension Fund Committee if required.

## **REASON FOR RECOMMENDATIONS:**

### **Background**

The Committee met on 13 September 2024. This report provides a summary of this meeting, and decisions made.

## **DETAILS:**

### **Glossary, Actions Tracker, Forward Programme of Work**

1. A Member of the Committee raised concerns on the length of time it is taking to provide members with a monthly snapshot of the dashboard. The LGPS Senior Officer agreed to provide the dashboard figures once a month as part of the weekly update to members of the Board and Committee.

### **Improving the Governance of the Surrey Pension Fund**

2. The LGPS Senior Officer presented a report that recommends ways in which the governance of the Surrey Pension Fund can be improved to enable conflicts to be more effectively managed. A further update report is included in this agenda.

## **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 26 July 2024. This included an update on MySurrey, Unit 4 and the impact on the administration, particularly to Surrey County Council's Scheme members. Extensive efforts to resolve the outstanding issues are ongoing.
4. The Chair of the Board brought attention to paragraphs 23A and 24 regarding the letter from the Minister concerning pooling, which highlights the questions of governance, efficiency and effectiveness of the scheme.
5. The Head of Service Delivery provided the Board with a detailed update on the administration of the scheme. A new programme board, comprising officers from Finance, IT and Payroll, has been established, which includes the Surrey Pension Team. It has a ring-fenced budget to address the issues with MySurrey Unit 4, with a deadline of 31 March to resolve them. A further update is included as part of this agenda pack.
6. A Member of the Committee raised concerns on the time taken to resolve the issues of data quality and the risk score for MySurrey Unit 4 within the Risk Register. The Committee agreed to raise their concerns again formerly with the Council's Section 151 Officer on the impact these issues are having on the administration of the scheme.

## **Surrey Pension Team Overview – Quarter 1**

7. The Committee received an update on the Surrey Pension Team activities for the last quarter. This highlights the excellent progress achieved by the Legacy Team. The LGPS Senior officer advised Members of the audit work, which included admission agreements, Fund investments, the process for overseas pensioners, the administration of death cases and governance and banking follow up audits.

## **Change Programme Update – Quarter 1**

8. The Head of Change Management presented an overview of activities for the period April to June 2024. Highlights include business as usual communications, supporting Service Delivery with the submission of the Annual Benefit Statements; along with support to the Governance changes.

## **Draft Annual Report 2023/24**

9. The Head of Accounting and Governance provided an update on the production of the 2023/24 Pension Fund Annual Report. The draft report has been produced taking account of the new statutory guidance issued by Ministry of Housing, Communities and Local Government (MHCLG) dated April 2024. The report has been circulated to the Local Pension Board Members and external auditors for comment and will be published by the

statutory deadline of 1 December. The Committee agreed that approval of the final version of the Annual Report be delegated to the Chair.

### **Investment Manager Performance and Asset/ Liabilities Update**

10. The Head of Investment and Stewardship introduced the report confirming the funding ratio of 143%. This was due to a lower value of the liabilities as a result of a higher discount rate and a higher current asset value.
11. The Head of Investment and Stewardship highlighted that, despite the increase in assets, the Fund had underperformed against its benchmark over the period. A contributing factor was the ongoing underperformance of the Border to Coast (BCPP) Global Equity Alpha Fund.
12. The Head of Strategic Client/Client Director from LGIM was online with LGIM Head of Tax to explain the situation regarding the performance of Europe Ex-UK index tracking fund, in respect to changes to the treatment of withholding tax on dividends. Based on tax advice and recent developments in those jurisdictions, LGIM have concluded that withholding tax paid on dividends from Swiss and Belgian holdings is no longer expected to be recoverable. Therefore, a decision has been taken to make the adjustment in June to the net asset value of the pooled funds by removing the accruals that relate to those Swiss and Belgian holdings. The adjustment of these accruals meant that the value of the pooled funds was reduced by the corresponding value of the withholding tax. This was a one-off adjustment.
13. A Member of the Committee raised a question regarding the underperformance of the BCPP Global Equity Alpha Fund and when a response from the Chief Investment Officer at BCPP is expected. The Head of Investment and Stewardship advised that a workshop with partner funds will be arranged within the next few weeks. The purpose of this workshop is to provide more detail about the concerns each partner fund has and therefore benefiting from a collective oversight from all officers.

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

14. The Deputy Head of Investment and Stewardship introduced the report and advised the Committee that this quarter has seen significant activity as the second quarter has the majority of Annual General Meetings for listed companies. Finance engagements from both the Local Authority Pension Fund Forum (LAPFF) and Robeco are getting more and more focused. Examples are LAPFF actively engaging with three large Canadian banks this quarter and Robeco extending the engagement theme for finance, broadening the scope to include climate and nature related transitions.
15. The Committee noted the summary of various Environmental, Social & Governance (ESG) engagements and voting issues that the Surrey Pension Fund (the Fund), LAPFF, Robeco, and BCPP have been involved in.

## **Responsible Investment Update**

16. The Fund continues to implement the agreed priorities of the Pension Fund Committee. The Head of Investment and Stewardship advised the Committee of the success of the Fund's submission to become a signatory to the UK Stewardship Code.
17. The Committee approved the Fund's Task Force on Climate-related Financial Disclosure (TCFD) Report for year 2023/24.

## **Asset Class Focus – Real Estate**

18. As part of good governance, the Committee periodically reviews the performance of the Fund's investments. Adrian Brown of Apex Group – FS (a substitute for the Fund's regular Independent Advisor) presented a report on the Fund's Real Estate holdings.

## **Investment Consultant Update**

19. The Committee was provided with an update on investment consultancy services to the Fund. The Committee approved the recommendation of a two-year extension of the contract with Mercer to provide the investment consultancy services to the Fund.

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

20. The LGPS Senior Officer highlighted the government pension review terms of reference and subsequent call for evidence with a joint response from our pooling partners in Border to Coast, along with a Surrey Pension Fund response to be submitted by the deadline of 25 September.

## **Investment Benchmarking**

21. The Committee was presented with a report from CEM Benchmarking and was asked to review the Fund's returns and costs against other funds to establish value for money of the Fund. The Fund's costs are in line with peers. The asset allocation set by the Committee added value, but the execution of this strategy by the fund managers had relatively underperformed.

## **Border to Coast**

22. The Committee received an update from the LGPS Senior Officer, on the current activity of BCPP.
23. The Committee noted the shareholder approval of the Border to Coast 2030 Strategy, along with noting the minutes of the Border to Coast Joint Committee meeting of 20 June 2024.

**CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

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

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:**

26. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

**LEGAL IMPLICATIONS – MONITORING OFFICER:**

27. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY:**

28. There are no equality or diversity issues.

**OTHER IMPLICATIONS:**

29. There are no other implications.

**NEXT STEPS:**

30. The following steps are planned:

- a) Further updates will be provided to the Board at its next meeting on 21 February 2025.

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**Contact Officer:**

Colette Hollands, Head of Accounting and Governance

**Annexes:**

1. None

**Sources/Background papers:**

1. None

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# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: IMPROVING THE GOVERNANCE OF THE SURREY PENSION FUND UPDATE**

## **SUMMARY OF ISSUE:**

This report provides the Local Pension Board (Board) with an update on recent changes to the governance of the Surrey Pension Fund. These were endorsed by the Pension Fund Committee (Committee) at its meeting of 13 September 2024 and approved by full Council at its meeting of 8 October 2024. Changes included amendments to the Pension Fund Committee Terms of Reference and Surrey County Council's scheme of delegations.

## **RECOMMENDATIONS:**

It is recommended that the Board:

1. Note the content of this report.

## **REASON FOR RECOMMENDATIONS:**

To provide an update to the Board and stakeholders on changes to the governance of the Surrey Pension Fund, which enable conflicts of interest of Surrey County Council in its dual role as Administering Authority of and Scheme Employer in the pension fund to be more effectively managed

## **DETAILS:**

1. At the last Pension Fund Committee meeting 13 September 2024 officers presented a report that recommends ways in which the governance of the Surrey Pension Fund can be improved to enable conflicts of interest of Surrey County Council in its dual role as Administering Authority of and Scheme Employer in the pension fund to be more effectively managed. This report is shown as Annexe 1.
2. Before bringing this paper to the Committee a consultation with the Chief Executive Officer, Section 151 Officer, Monitoring Officer and the Corporate Leadership Team has taken place. A draft copy of the report was also shared with Members of the Board

3. The Committee agreed to endorse the report and recommend approval to Surrey County Council's Full Council at its meeting of 8 October 2024 (see Annexe 2). The changes were approved by full Council. Changes to the Terms of Reference, Scheme of Delegations and Financial Regulations are as detailed in Annexe 3.
4. Further to the approval of these changes, officers are exploring options for the future of Surrey Pension Fund as outlined in the report to allow continuous improvement and future proofing. These include consideration of changes in policies, identity and systems and services. Any proposed options will be taken forward subject to further consideration by the Pension Fund Committee and the Council's governance, legal and financial due diligence.

#### **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. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

#### **LEGAL IMPLICATIONS – MONITORING OFFICER:**

8. The County Council has delegated responsibility to the Pension Fund Committee for its statutory functions as the Administering Authority for the SPF. The scheme of delegations is the function of full Council and Legal will be part of any future options appraisal to ensure the Council undertakes its full due diligence.

#### **EQUALITIES AND DIVERSITY:**

9. There are no equality or diversity issues.

#### **OTHER IMPLICATIONS:**

10. There are no other implications.

## **NEXT STEPS:**

11. The following steps are planned:

- a) Officers to continue discovery work of the SPF as outlined in this report, in the areas of policy, identity, accommodation, people, systems and services and future proofing.

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## **Contact Officer:**

Neil Mason LGPS Senior Officer

## **Annexes:**

1. Surrey Pension Committee 13 September 2024 – Annexe 1
2. Full Council amendments to the Constitution – Annexe 2
3. Detailed amendments to the Constitution in respect of Pension Fund Governance – Annexe 3

## **Sources/Background papers:**

1. Surrey Pension Team 2024/25 Strategic Plan [PowerPoint Presentation \(surreycc.gov.uk\)](https://surreycc.gov.uk)
2. [Good Governance Final Report February 2021.pdf \(lgpsboard.org\)](https://lgpsboard.org)
3. [Conflicts of interest TPR code module | The Pensions Regulator](https://www.thepensionsregulator.gov.uk)

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# SURREY PENSION FUND COMMITTEE REPORT



**SURREY COUNTY COUNCIL**

**SURREY PENSION FUND COMMITTEE**

**DATE: 13 SEPTEMBER 2024**

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

**SUBJECT: IMPROVING THE GOVERNANCE OF THE SURREY PENSION FUND**

## **SUMMARY OF ISSUE:**

Surrey County Council (SCC) has the dual role as Administering Authority for and a scheme employer of the Surrey Pension Fund (SPF). This dual role creates potential conflicts of interest. This report recommends ways in which the governance of the SPF can be improved to enable this conflict to be more effectively managed. It also explores areas in which the recognition of the autonomy of the SPF can enhance the effectiveness of its Strategic Plan.

## **RECOMMENDATIONS:**

It is recommended that the Pension Fund Committee:

1. Supports the proposed changes to the Council's Pension Fund Committee Terms of Reference and Scheme of Delegations and recommends approval of these changes to SCC at the Full Council meeting of 8 October 2024.
2. Notes that officers are exploring options for the future of SPF, as outlined in this report. Any proposed options to be taken forward will be subject to further consideration by the Pension Fund Committee and the Council's governance, legal and financial due diligence.

## **REASON FOR RECOMMENDATIONS:**

To optimise the performance of the SPF, by more effectively recognising the distinct relationship and management of conflicts of interest with SCC, allowing it to meet its strategic vision, allow for more cost effectiveness and equipping it to meet future changes to the LGPS (please see Background document 1).

## **DETAILS:**

### **Background**

1. Every Local Government Pension Scheme (LGPS) is legislatively required to have an Administering Authority that is ultimately responsible for managing and administering the scheme. At SCC this responsibility is delegated to the Pension Fund Committee, as laid out in the Constitution of Surrey County Council, Part 3, Section 2. There is also a Local Pension Board which is

charged with ensuring the Committee complies with relevant LGPS regulations and pension law.

2. This governance structure creates challenges and discrepancies:

- a) There is a potential for conflicts of interest e.g. SCC is both the Administering Authority and an employer within the scheme. SCC could therefore exert undue influence which may not be in the best interests of all the 360+ other employers in the scheme. This can also manifest itself organisationally through strategic misalignment.
- b) Although Surrey residents are a key stakeholder of the SPF its primary customers are members and employers of the scheme. The SPF has a fiduciary duty to the members and employers of the scheme.
- c) The SPF team is subject to all the policies of SCC. The cost of those resources necessary for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009). There is therefore no direct impact on SCC's revenue account costs.
- d) The current pressure on resources faced by SCC is recognised. However, as laid out by the Scheme Advisory Board (SAB), Administering Authorities must ensure that sufficient resources are maintained to meet the statutory obligations placed on them to manage the scheme. Where sufficient resources are not provided, there are a number of potentially negative outcomes including:
  - i) Censure by the Pensions Regulator (TPR) for non-compliance with the requirements of the Public Service Pensions Act 2013 and other primary legislation.
  - ii) Findings against SCC by the Pensions Ombudsman.
  - iii) Failure to fulfil financial responsibilities in accordance with Accounts and Audit (England) regulations 2011.
  - iv) Failure of internal control systems for financial and investment activities (Accounts and Audit (England) regulations 2011 and CIPFA/LASAAC code of practice).
  - v) Overpayment or underpayment of pension amounts.
  - vi) Incomplete data leading to valuation assumptions which could result in increased employer contributions.
  - vii) Incorrect tax liabilities for the authority, participating employers, and scheme members.

3. A review of the current governance artefacts was completed by an independent pensions industry expert (Barnett Waddingham) in late 2023. This review, combined with internal audit recommendations, the Scheme Advisory Board (SAB) Good Governance project and the new Pensions Regulator's (TPR) General Code of Practice suggests that SPF should evolve its governance to:
  - ensure it has sufficient independence to effectively manage conflicts of interest
  - enable SPF to achieve its vision
  - future proof the organisation to any governance changes proposed by the Government as part of its review of pensions
  - safeguard the interests of its members and employers.

### **Governance changes**

4. The SPF has a rolling 3-year strategic plan which highlights its roadmap to become a trailblazing LGPS Fund. We are committed to ensuring that the Fund completes its transformation and builds the organisational capability and resilience to ensure it is well positioned to be the leader in its response to anticipated changes in the pension industry.
5. This paper recommends that, in order to deliver the Strategic Plan and provide a first class and cost-effective service for the benefit of its members and employers (including SCC), the SPF requires greater recognition of its autonomy within existing structures. The SPF has drawn on four sources of evidence to inform our recommendations:
  - a) An independent governance review
  - b) Recommendations of Internal Audit
  - c) Recommendations of the SAB Good Governance Project
  - d) Guidance from TPR in its new General Code of Practice

### **Independent Review**

6. An independent review of the current governance artefacts was completed by an independent pensions industry expert (Barnett Waddingham) in late 2023 (See Annexe 1). The objectives of the review were as follows:
  - a) Make the governance and supporting arrangements for the LGPS function work more effectively and efficiently.
  - b) Ensure conflicts of interest between the council and LGPS function are managed.
  - c) Ensure the independence of the LGPS function is recognised.

7. The review recommends the increased use of delegations. Under this proposal the Pension Fund Committee would retain the principal role of oversight and strategic decision making in all areas of the LGPS function while delegating the majority of functional and implementation decisions to officers. This would:
  - a) Enable the committee to concentrate its time and resources on material matters for which it is accountable to the full council and ultimately the local taxpayer.
  - b) Significantly reduce the potential for actual or perceived conflict of interest.
  - c) Increase the ability of officers to act swiftly and efficiently in delivering the LGPS function.

#### Internal audit recommendations

8. In April 2023 the Surrey Internal Audit team reviewed the current governance structure of the SPF (See Annexe 2). The following risks and mitigations were recommended with regard to “Clarity Regarding Committee Roles:

Risk:

*“One of the key objectives of the Good Governance Review was to consider how potential conflicts of interest manifest themselves within current LGPS set up, including recognition of the dual role of the Council as the Administering Authority and a scheme employer in the Fund, and to suggest how those potential conflicts can be managed to ensure that they do not become actual conflicts.”*

Recommended mitigations:

- a) *“Develop a comprehensive matrix of roles and responsibilities.*
- b) *Undertake discovery work in the context of the relationships with the Council, Staff, IT, Cyber Security, Accommodation etc.*
- c) *The Governance matrix will clearly lay out the decision-making powers and delegations.*
- d) *Ensure the Scheme of delegations and constitution are amended and approved by full Council.*
- e) *Creation of a Conflict of Interest Policy.”*

#### The SAB Good Governance Project

9. The Good Governance project was instigated by the SAB to examine the effectiveness of LGPS governance models and consider enhancements to further strengthen governance. After a procurement exercise, Hymans Robertson were appointed by the Board in January 2019 to work alongside scheme stakeholders to identify best practice and propose beneficial changes to regulations or guidance.



10. In the February 2021 Scheme Advisory Board Meeting, the Board considered the final report from Hymans Robertson (See Background paper 2).
11. This included the need for the creation of a “Senior LGPS Officer” to ensure that the role of the pension fund and LGPS matters are understood and represented at the local authority’s senior leadership level. The SPF created this role in 2022 and recommendations in this report allow for closer alignment of it with the recommendations of the Good Governance project.
12. It also included the following with regards to the potential conflict between the Council as administering authority and employer:
  - a) *“Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.*
  - b) *The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.”*

#### Guidance from TPR in its General Code of Practice

13. In March 2024 TPR published a new General (Single) Code of Practice (see Background paper 3) under the powers given to us in section 90 and section 90A of the Pensions Act 2004 and is a combined code in accordance with section 90A(6)(a).
14. The new code merged ten of the existing TPR codes of practice into one, this included the public service pension code, and the LGPS has a statutory duty to comply with it.
15. TPR describes conflicts of interest as follows:

*“Conflicts of interest may arise from time to time while running a pension scheme, either among members of the governing body themselves, or with service providers, sponsoring employers, advisers, and others. Conflicts can also arise for members of the governing body who for example, are members of the scheme or who represent trade unions. Conflicts of interest may be either actual conflicts or potential conflicts. Unless otherwise stated, references to ‘conflicts of interest’ include both actual and potential conflicts.”*

#### Proposed governance changes

16. A number of minor proposed changes are recommended to the Pension Fund Committee’s Terms of Reference and the Council’s Scheme of Delegations.
17. It is proposed to amend the Pension Fund Committee’s Terms of Reference to allow for formal recognition of the potential conflict of Surrey County Council in its dual role as Administering Authority for and scheme employer of the Surrey Pension Fund. The following addition is recommended:

*“j) To consider and approve an annual conflict of interest policy, which shall include how the potential conflict of Surrey County Council in its dual role as Administering Authority for and scheme employer of the Surrey Pension Fund is managed.”*

18. Proposed changes to the Council’s Scheme of Delegations primarily reflect the current ways of working - where responsibility for the operation of the SPF is delegated to the Senior LGPS Officer and will formalise the reporting line directly to the Section 151 Officer. These changes help to ensure that the SPF has appropriate senior representation in the organisation, enabling a clear line of sight and support to the Section 151 Officer and providing unimpeded dialogue and response for what is a key part of the Section 151 responsibilities.
19. An example of changes on a day-to-day basis would be the formal identification of the LGPS Senior Officer as lead officer for the SPF in reports to the Pension Fund Committee and Local Pension Board. In addition, decisions regarding pension fund matters (e.g. cash transfers) will be exclusively delegated to pension fund officers with appropriate expertise. The full list of proposed changes to the Terms of Reference and Scheme of Delegations is included as Annexe 3.
20. It is also suggested that these proposed changes will allow SCC to more effectively manage any inadvertent moral hazards and reputational risk as well as providing greater clarity on roles and responsibilities. This ultimately leads to stronger organisational control, compliance to regulations and better service provision.

## **Future proposals in recognition of the autonomy of the SPF**

### Policies

21. Subject to approval of the proposed governance changes and consistent with Internal Audit Recommendations, the SPF will bring a SPF Conflict of Interest Policy and Roles and Responsibilities Matrix to the Pension Fund Committee for approval.

### The identity of the SPF

22. Drawing on collateral from the SPF Customer Insights project and further anecdotal evidence, there is confusion amongst SPF customers regarding the SPF relationship with SCC. This prohibits the effective and efficient delivery of service.
23. Subject to approval of the proposed governance changes, to remedy this, it is recommended that the SPF explores how it may bring more clarity to its identity.

### Systems and services

24. Subject to approval of the proposed governance changes and consistent with internal audit recommendations, a thorough review should be conducted of the services that are cross charged to SPF such including Staff, IT, Cyber Security, Accommodation, etc to ensure that the current level of service is fit for purpose and is appropriate for its longer-term strategic plan aspirations. As a first stage it is proposed to benchmark costs and have clear service level agreements in place.

### Future proofing the Fund

25. On 16 August 2024 the Government shared the Terms of Reference of its pension review. This will include *“tackling fragmentation and inefficiency in the Local Government Pension Scheme through consolidation and improved governance”*, in order to improve *“the affordability and sustainability of the Local Government Pension Scheme in the interest of members, employers and local taxpayers”*.

26. The proposals in this report are consistent with the ask from Government to improve governance. Increased autonomy will allow the SPF to be nimbler to respond to future industry developments and allow both the SPF and SCC to be at the forefront of change.

27. The SPF will continue to investigate governance options that exist within primary pensions legislation. There are a number of potential options which will be fully explored before bringing any further recommendations as and when appropriate.

### **CONSULTATION:**

28. The Chair of the Pension Fund Committee and Chair of the Local Pension Board and the SCC Corporate Leadership Team to be consulted on this report.

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

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

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

30. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

### **EXECUTIVE DIRECTOR OF FINANCE & CORPORATE SERVICES (S151 OFFICER) COMMENTARY:**

31. The Executive Director of Finance and Corporate Services (s151 Officer) is supportive of the proposed changes and satisfied that all material, financial

and business issues and possibility of risks have been considered and addressed.

### **LEGAL IMPLICATIONS – MONITORING OFFICER:**

32. The County Council has delegated responsibility to the Pension Fund Committee for its statutory functions as the Administering Authority for the SPF. The scheme of delegations is the function of full Council and Legal will be part of any future options appraisal to ensure the Council undertakes its full due diligence.

### **EQUALITIES AND DIVERSITY:**

33. There are no equality or diversity issues.

### **OTHER IMPLICATIONS:**

34. There are no other implications.

### **NEXT STEPS:**

35. The following steps are planned:

- a) Take the proposed changes to the Council's Pension Fund Committee Terms of Reference and Scheme of Delegations to the County Council for approval at its meeting of 8 October 2024.
- b) Subject to County Council approval of changes to the Council's Pension Fund Committee Terms of Reference and Scheme of Delegations officers to begin discovery work of the SPF as outlined in this report, in the areas of policy, identity, accommodation, people, systems and services and future proofing.

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### **Contact Officer:**

Neil Mason, Assistant Director – LGPS Senior Officer

### **Annexes:**

1. Independent governance review (Barnett Waddingham)
2. Internal Audit Report: Pension Fund Governance
3. Proposed changes to the Pension Fund Committee Terms of Reference and Scheme of Delegations

### **Sources/Background papers:**

1. Surrey Pension Team 2024/25 Strategic Plan [PowerPoint Presentation \(surreycc.gov.uk\)](https://www.surreycc.gov.uk)
2. [Good Governance Final Report February 2021.pdf \(lgpsboard.org\)](https://www.lgpsboard.org)
3. [Conflicts of interest TPR code module | The Pensions Regulator](https://www.thepensionsregulator.gov.uk)

4. Pension Fund Committee Terms of Reference [SECTION 2 \(surreycc.gov.uk\)](https://surreycc.gov.uk)
5. Scheme of officer delegations [SERVICES FOR COMMUNITIES \(surreycc.gov.uk\)](https://surreycc.gov.uk)
6. Government pension review [Terms of Reference - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

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## OFFICER REPORT TO COUNCIL

### AMENDMENTS TO THE CONSTITUTION

#### **KEY ISSUE/DECISION:**

Surrey County Council has a Constitution which is agreed by Members and sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that they are efficient, transparent and accountable to the residents of Surrey.

It is the Council's responsibility to approve changes to the Council's Constitution. Amendments to Executive functions are the responsibility of the Leader and are brought to Council to note.

This report sets out proposed changes to:

- Part 3 – Responsibility for Functions and Scheme of Delegation (Section 2 and Section 3 Parts 3A and 3B)
- Part 5 – Rules of Procedure (Part 5(02) Financial Regulations)
- Part 6 – Codes and Protocols (Part 6(02) – Arrangements for dealing with Member Conduct)

These changes are brought to Council for formal approval in accordance with Articles 4.09, 5.02 and 13.01(a) of the Council's Constitution.

#### **BACKGROUND:**

##### **Improvements to the Governance of the Surrey Pension Fund**

1. On 13 September 2024, the Pension Fund Committee considered a report that made the case for Surrey County Council to make changes to the Council's Pension Fund Committee Terms of Reference, Scheme of Delegation and Financial Regulations to more effectively recognise the distinct relationship and management of conflicts of interest between Surrey County Council in its dual role as employer and administering authority of the Surrey Pension Fund.

2. Every Local Government Pension Scheme (LGPS) is legislatively required to have an Administering Authority that is ultimately responsible for managing and administering the scheme. At SCC this responsibility is delegated to the Pension Fund Committee, as laid out in the Constitution of Surrey County Council, Part 3, Section 2. There is also a Local Pension Board which is charged with ensuring the SPF complies with relevant LGPS regulations and pension law.
3. A review of the current governance artefacts was completed by an independent pensions industry expert in late 2023. This review, combined with internal audit recommendations, the Scheme Advisory Board (SAB) Good Governance project and the new Pensions Regulator's (TPR) General Code of Practice suggests that SPF should evolve its governance to:
  - a) ensure it has sufficient independence to effectively manage conflicts of interest enable SPF to achieve its vision
  - b) future proof the organisation to any governance changes proposed by the Government as part of its review of pensions safeguard the interests of its members and employers.
4. This paper recommends that, in order to deliver the Strategic Plan and provide a first class and cost-effective service for the benefit of its members and employers (including SCC), the SPF requires greater recognition of its autonomy within existing structures. The SPF has drawn on four sources of evidence to inform its recommendations:
  - a) An independent governance review
  - b) Recommendations of Internal Audit
  - c) Recommendations of the SAB Good Governance Project
  - d) Guidance from TPR in its new General Code of Practice

Further information on these sources of evidence is provided in **Annex 1**.

5. A number of minor proposed changes are recommended to the Pension Fund Committee's Terms of Reference and the Council's Scheme of Delegation.
6. It is proposed to amend the Pension Fund Committee's Terms of Reference to allow for formal recognition of the potential conflict of Surrey County Council in its dual role as Administering Authority for and scheme employer of the Surrey Pension Fund. The following addition is recommended:

*"To consider and approve an annual conflict of interest policy, which shall include how the potential conflict of Surrey County Council in its dual role as Administering Authority for and scheme employer of the Surrey Pension Fund is managed."*



7. Proposed changes to the Council's Scheme of Delegation primarily reflect the current ways of working - where responsibility for the operation of the SPF is delegated to the Senior LGPS Officer and will formalise the reporting line directly to the Section 151 Officer. These changes help to ensure that the SPF has appropriate senior representation in the organisation, enabling a clear line of sight and support to the Section 151 Officer and providing unimpeded dialogue and response for what is a key part of the Section 151 responsibilities.
8. An example of changes on a day-to-day basis would be the formal identification of the LGPS Senior Officer as lead officer for the SPF in reports to the Pension Fund Committee and Local Pension Board. In addition, decisions regarding pension fund matters (e.g. cash transfers) will be exclusively delegated to pension fund officers with appropriate expertise.
9. The full list of proposed changes to the Terms of Reference, Scheme of Delegations and Financial Regulations is included at Annex 2 of this report.

### **Consequential amendments to People, Performance and Development Committee (PPDC) Terms of Reference**

10. As a result of the above proposals, consequential amendments to the terms of reference of the PPDC, as set out in Part 3, Section 2 of the Constitution are required as follows:

#### **Paragraph 6.13(c)**

determine the Council's Policy Statement in respect of Employing Authority and Administration Authority Discretions under regulations relating to the ~~Local Government Pension Scheme (LGPS); Teacher's Pension Scheme (TPS) and Firefighter's Pension Scheme (FPS);~~

#### **Paragraph 6.13(d) – NEW**

**determine the Council's Policy Statement in respect of Employing Authority Discretions under regulations relating to the Local Government Pension Scheme (LGPS).**

**Existing Paragraphs 6.13(d) to (g) to be renumbered 6.13(e) to (h)**

### **Updated Arrangements for Dealing with Member Conduct**

11. At its meeting on 11 September 2024, the Audit & Governance Committee considered proposed amendments to the Arrangements for Dealing with Member Conduct following a review by the Monitoring Officer and the introduction of a form to help complainants focus their complaint and identify where they believe a breach of the Member

Code of Conduct has occurred. The Committee agreed the proposed amendments and now recommends them to Council.

12. The updated arrangements are set out in Annex 3 of this report.

#### **RECOMMENDATIONS:**

- A. That the amendments to Part 3 - Section 2 and Section 3 Parts 3A and 3B and Part 5(02) in relation to improvements to the governance of the Surrey Pension Fund, as set out in Annex 2 of this report be approved.
- B. That the consequential amendments to Part 3 – Section 2 (the terms of reference of the PPDC) as set out in paragraph 10 of this report be approved.
- C. That the amendments to Part 6(02) of the Constitution (Arrangements for dealing with Member Conduct) as set out in Annex 3 of this report be approved.

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#### **Lead/Contact Officers:**

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#### **Annexes:**

Annex 1 – Report to Surrey Pension Fund Committee, 13 September 2024

Annex 2 - Detailed amendments to the Constitution in respect of Pension Fund Governance

Annex 3 – Detailed amendments to Constitution - Part 6(02)

#### **Sources/background papers:**

Constitution of the Council

Report to Audit & Governance Committee, 11 September 2024

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## ANNEX 2

### PROPOSED CHANGES TO THE COUNCIL CONSTITUTION IN RELATION TO PENSION GOVERNANCE

#### Part 3 Section 2 – Scheme of Delegation

##### Paragraph 6.22 – Surrey Pension Fund Committee

It is proposed to add to paragraph 6.22 as follows:

- j) To consider and approve an annual conflict of interest policy, which shall include how the potential conflict of Surrey County Council in its dual role as Administering Authority for and scheme employer of the Surrey Pension Fund is managed.

#### Part 3 Section 3 Parts 3A and 3B – Specific Delegations to Officers and Specific Delegations to Officers - Orbis

<b>Scheme of Delegation</b>	<b>Current Delegation/Action</b>	<b>Currently Delegated to</b>	<b>Proposed Amendment to Delegation wording</b>	<b>Proposed Delegation to</b>
<b>PEN1</b>	Execute cash transfers to pension fund managers	Executive Director of Resources (S151 Officer) Director of Finance – Corporate & Commercial Director of Finance – Insight & Performance Assistant Director – LGPS Senior Officer	N/A	LGPS Senior Officer Head of Investment and Stewardship Head of Accounting and Governance

		Strategic Finance Business Partner (Corporate)		
<b>PEN2</b>	Borrowing, lending and investment of County Council Pension Fund moneys, in line with strategies agreed by the Pension Fund Board. Delegated authority to the Executive Director of Resources (S151 Officer) Part 3 Scheme of Delegation July 2024 24 S151 Finance Officer to take any urgent action between Board meetings but such action only to be taken in consultation with and by agreement with the Chairman and/or Vice Chairman of the Pension Fund Board and any relevant Consultant and/or Independent Advisor.	Executive Director of Resources (S151 Officer) Director of Finance – Corporate & Commercial Assistant Director – LGPS Senior Officer	Borrowing, lending and investment of County Council Pension Fund moneys, in line with strategies agreed by the Pension Fund <b>Committee</b> . Delegated authority to the <b>LGPS Senior Officer</b> to take any urgent action between <b>Committee</b> meetings but such action only to be taken in consultation with and by agreement with the Chairman and/or Vice Chairman of the Pension Fund <b>Committee</b> and any relevant Consultant and/or Independent Advisor.	LGPS Senior Officer Head of Investment and Stewardship Head of Accounting and Governance
<b>PEN3</b>	To exercise discretion in relation to the Local Government Pension Scheme except (1) where a policy on the matter has been agreed	Director of Finance – Corporate & Commercial Assistant Director – LGPS Senior Officer	To exercise discretion in relation to the Local Government Pension Scheme except (1) where a policy on the matter has been agreed	LGPS Senior Officer Head of Service Delivery

	<p>by the Pension Board and included in the Discretionary Pension Policy Statement published by the Council, (2) decisions relating to “admitted body status” and (3) decisions relating to individual cases as provided for in the separate delegation to the Strategic Finance Manager (Pensions). This delegation is subject to any limitations imposed and confirmed in writing from time to time by the Executive Director for Resources (S151 Officer).</p>		<p>by the <b>Pension Fund Committee</b> and included in the Discretionary Pension Policy Statement published by the Council, (2) decisions relating to “admitted body status” and (3) decisions relating to individual cases as provided for in the separate delegation to the <b>Senior LGPS Officer</b>.</p>	
<p><b>PEN4 (new PEN4A)</b></p>	<p>Hear stage one or stage two appeals relating to disputes involving the Local Government Pension Scheme, Compensation Benefits and Injury Allowances provided that an officer hearing an appeal will not have been involved at an earlier stage in the process.</p>	<p>Executive Director of Resources (S151 Officer)          Director of Finance – Corporate &amp; Commercial          Director – Law &amp; Governance          Director of People &amp; Change</p>	<p>Hear stage one or stage two appeals relating to disputes <b>concerning Surrey County Council</b> in regards to the Local Government Pension Scheme, Compensation Benefits and Injury Allowances provided that an officer hearing an appeal will not have been</p>	<p>Stage 1 disputes – any County Council Director          Stage 2 disputes – any County Council Executive Director</p>

			involved at an earlier stage in the process.	
<b>(new) PEN4B</b>	NA	NA	Hear stage one or stage two appeals relating to <b>the Surrey Pension Team</b> disputes involving the Local Government Pension Scheme, Compensation Benefits and Injury Allowances provided that an officer hearing an appeal will not have been involved at an earlier stage in the process.	(Any of the following) LGPS Senior Officer Head of Investment and Stewardship Head of Accounting and Governance Head of Service Delivery or Head of Change Management
<b>PEN5</b>	To exercise discretion (excluding decisions on admitted body status) in relation to the Local Government Pension Scheme where no policy on the matter has been agreed by the Council and included in the Discretionary Pension Policy Statement published by the Council, subject to any limitations imposed and confirmed in writing from time to time by the S151 Finance Officer.	Assistant Director – LGPS Senior Officer	To exercise discretion (excluding decisions on admitted body status) in relation to the Local Government Pension Scheme where no policy on the matter has been agreed by the Council and included in the Discretionary Pension Policy Statement published by the Council.	NA

<b>PEN6</b>	To determine decisions conferring 'admitted body' status to the Pension Fund where such requests are submitted by external bodies.	Executive Director of Resources (S151 Officer) Director of Finance – Corporate & Commercial	NA	LGPS Senior Officer
<b>ORB57 (new PEN7)</b>	<p>To exercise discretion in relation to the Local Government Pension Scheme on the following matters in individual cases:</p> <ul style="list-style-type: none"> <li>- allocation of death grants</li> <li>- determining co-habitation</li> <li>- determining whether a child meets criteria for a child's pension</li> <li>- allocation of pension for persons incapable of managing their own affairs</li> <li>- commutation, transfer in and forfeiture decisions</li> </ul>	Head of Pensions Administration	<p>To exercise discretion in relation to the Local Government Pension Scheme on the following matters in individual cases:</p> <ul style="list-style-type: none"> <li>- allocation of death grants</li> <li>- determining co-habitation</li> <li>- determining whether a child meets criteria for a child's pension</li> <li>- allocation of pension for persons incapable of managing their own affairs</li> <li>- commutation, transfer in and forfeiture decisions</li> <li>- extension of time limits for decisions to be made by scheme members</li> </ul>	Head of Service Delivery

	<ul style="list-style-type: none"> <li>- extension of time limits for decisions to be made by scheme members</li> <li>- minimum contribution levels for additional payments</li> <li>- determining reviews and effective dates of ill-health benefits</li> <li>-write offs up to £250. This delegation is subject to any limitations imposed and confirmed in writing from time to time by the Executive Director of Resources.</li> </ul>		<ul style="list-style-type: none"> <li>- minimum contribution levels for additional payments</li> <li>- determining reviews and effective dates of ill-health benefits</li> <li>- write offs up to £250.</li> </ul>	
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**Part 5(2) Financial Regulations**

<b>Part 5(2) Financial Regulation</b>	<b>Current Delegation</b>	<b>Proposed new Delegation/Amendment</b>
27.5	The <b>Section 151 Officer</b> has delegated authority to take urgent action as required between Pension Fund Committee meetings, but such action can only be taken in consultation with and by agreement with the Chairman or Vice Chairman of the Pension Fund Committee and following consultation with any relevant Consultant or Independent Advisor.	Replace Section 151 Officer with <b>Senior LGPS Officer</b>



27.6	The <b>Section 151 Officer</b> will ensure that monitoring reports on the Pension Fund's investment performance and activities, and any other business, are considered by the Pension Fund Committee at least quarterly.	Replace Section 151 Officer with <b>Senior LGPS Officer</b>
27.7	The <b>Section 151 Officer</b> will ensure that a report on the triennial actuarial valuation of the Pension Fund is taken to the Pension Fund Committee.	Replace Section 151 Officer with <b>Senior LGPS Officer</b>
27.8	The <b>Section 151 Officer</b> will ensure that a report on the annual accounts and associated external audit of the pension fund is taken to the Pension Fund Committee.	Replace Section 151 Officer with <b>Senior LGPS Officer</b>

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# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: SURREY PENSION TEAM OVERVIEW – QUARTER 2**

## **SUMMARY OF ISSUE:**

This paper is an overview of the entire service at a macro level. The One Pensions Team Dashboard is the primary vehicle for providing this overview. The dashboard covers the period July - September 2024.

## **RECOMMENDATIONS:**

It is recommended that the Local Pension Board:

1. Notes the content of this report.

## **REASON FOR RECOMMENDATIONS:**

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

## **DETAILS:**

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

1. The Fund value has increased over 3 months, 1 year and 3 years. However, individual mandates have underperformed their specific benchmarks, leading to an underperformance of the Fund overall. The growth in asset value, to £6bn, and a decline in the discount rate have combined to drive the funding ratio up to 143%.
2. There are some fluctuations in the Service Delivery figures, but all are above target. The Legacy Reduction rate continues to perform strongly in Service Delivery.
3. The outstanding Accounting & Governance legacy work relates to identifying and allocating income and expenditure on the Debtors and Creditors accounts. These are items listed on the old accounting system, SAP, and have transferred to the new ledger on MySurrey. Of all the items identified as legacy in this area, 61% has been completed. Work is ongoing to complete

the remaining items, many of which will be completed as part of closing the 2023/24 Pension Fund account.

4. The Audit figures have been re-set for this current financial year based on the audit schedule. Three audits have commenced (A&G – SPT Business Continuity Plan; SD - overseas pensioners & death cases); three are still to commence (fund investments, admission agreements, and review of governance arrangements).
5. The third pulse staff survey closed on 30 June 2024. There are slight variations in the latest results, but they are still positive and show the team continues to be on track with its strategic plan.

#### **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. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

#### **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) The dashboard will continue to be updated on a monthly basis.
  - b) It will now be included in the LGPS Senior Officer's updates once every four weeks.

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**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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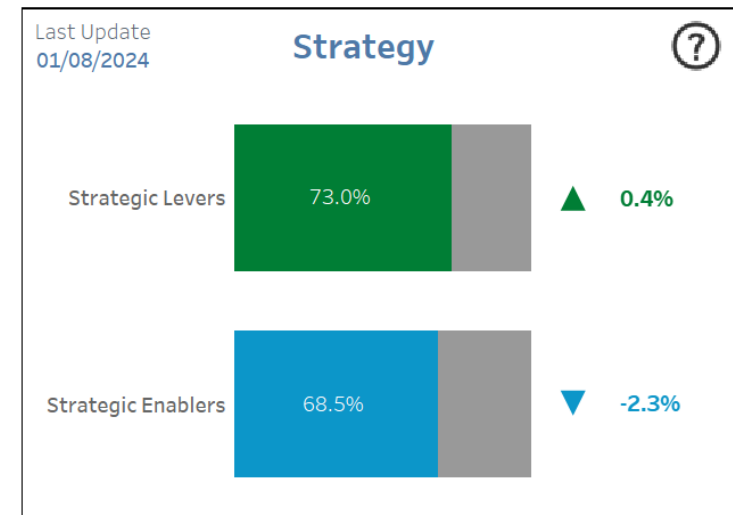
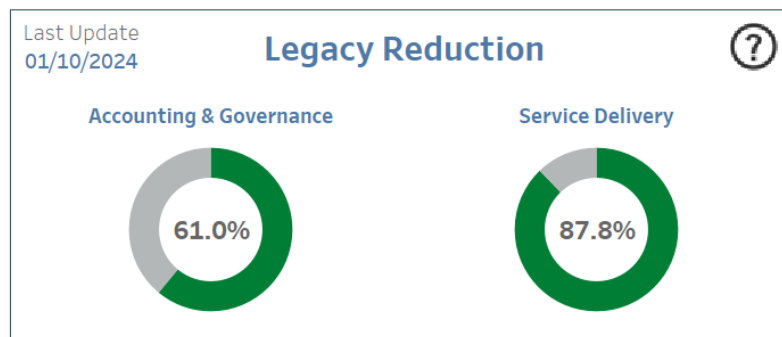
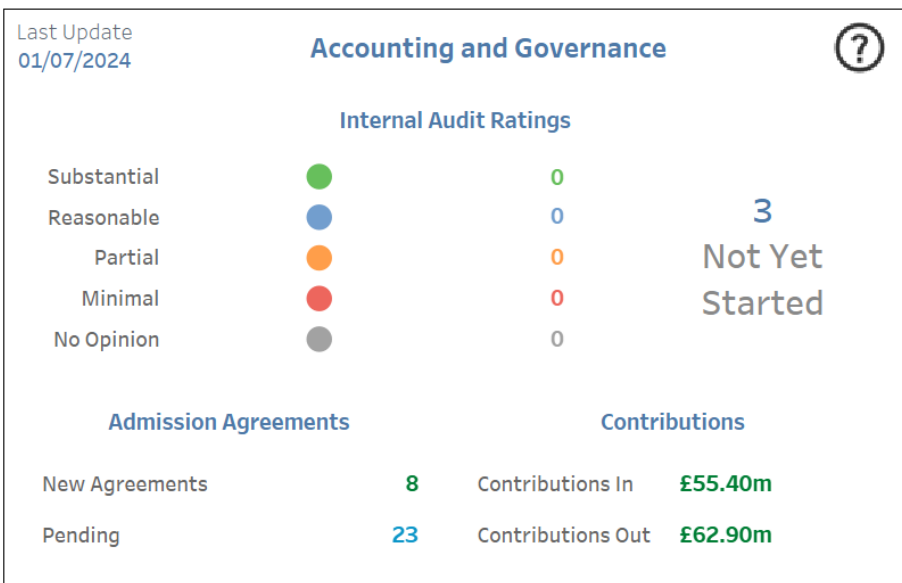
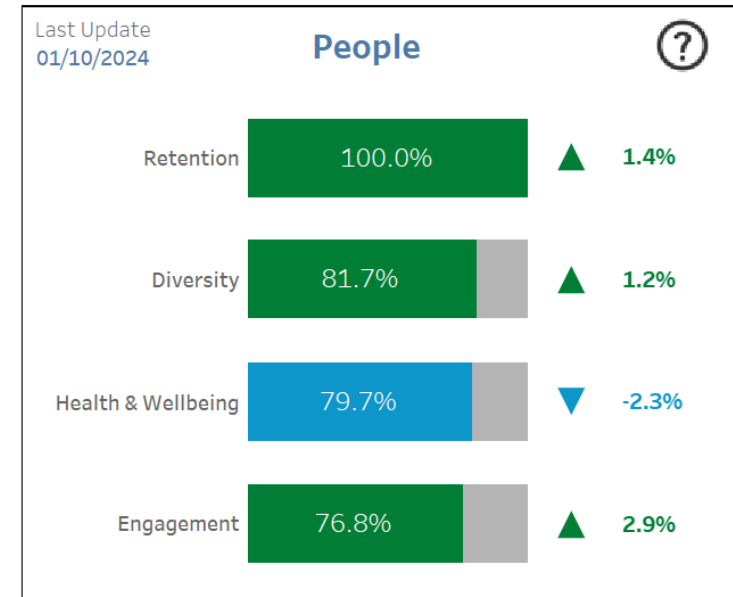
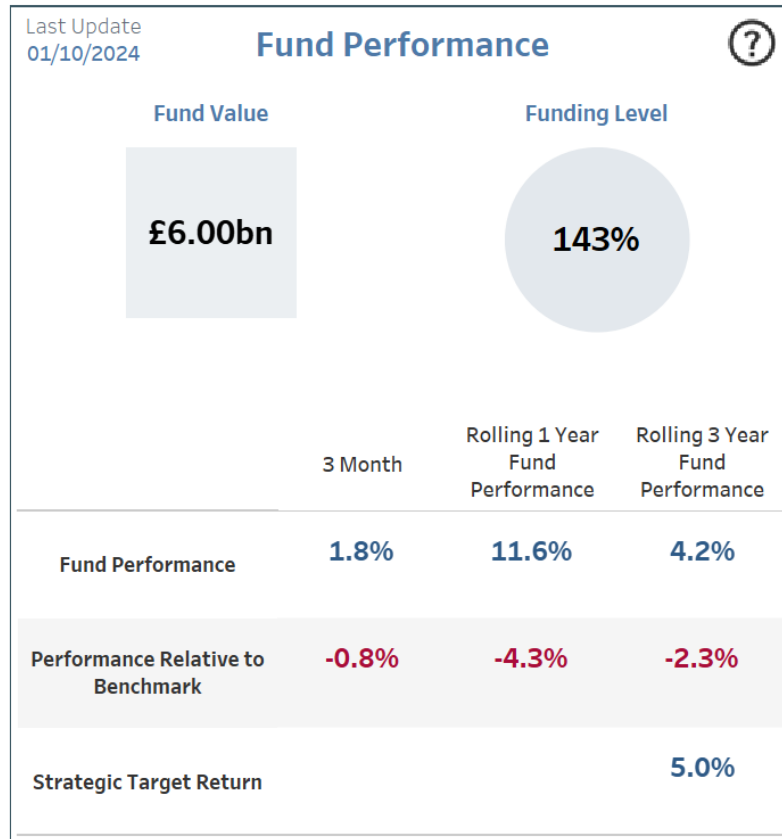
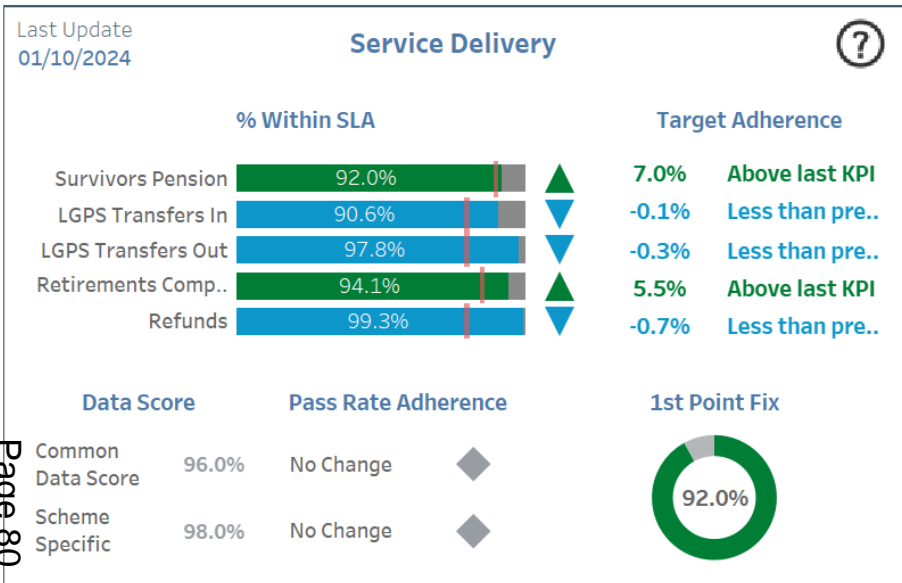
# Surrey Pension Team Dashboard Metrics

1 October 2024

# Surrey Pension Team Dashboard



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# Metrics Glossary

## Fund Performance

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

Measure of the previous quarter's fund performance percentage.

Indicates percentage difference between actual performance and the benchmark performance percentage

Positive numbers are indicated in blue and negative numbers in red.

Last Update 01/10/2024

### Fund Performance

	3 Month	Rolling 1 Year Fund Performance	Rolling 3 Year Fund Performance
<b>Fund Value</b>	<b>£6.00bn</b>		
<b>Funding Level</b>	<b>143%</b>		
<b>Fund Performance</b>	<b>1.8%</b>	<b>11.6%</b>	<b>4.2%</b>
<b>Performance Relative to Benchmark</b>	<b>-0.8%</b>	<b>-4.3%</b>	<b>-2.3%</b>
<b>Strategic Target Return</b>	<b>5.0%</b>		

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

Measure a rolling 3-year fund performance percentage rate

Measure a rolling 1-year fund performance percentage rate.

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

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

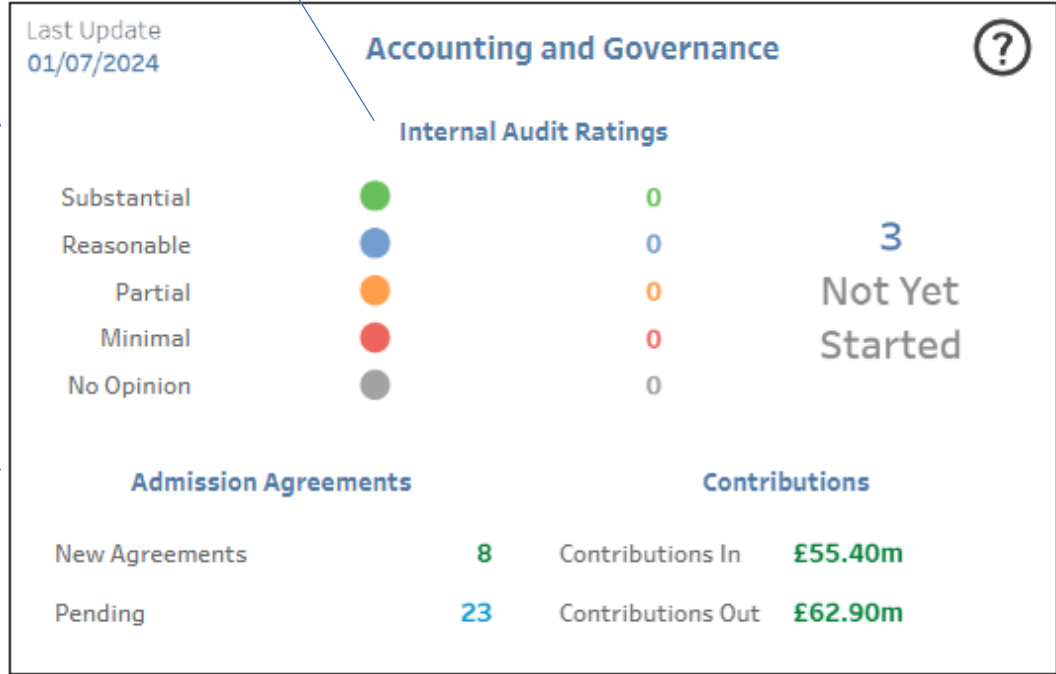
No Opinion indicates further audit work required to produce rating.

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.

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

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.

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. Red line to show target %

The percentage of Survivor Benefits processed within the Service Level Agreement (SLA)

The percentage of LGPS Transfers In processed within the SLA

The percentage of LGPS Transfers Out processed within the SLA

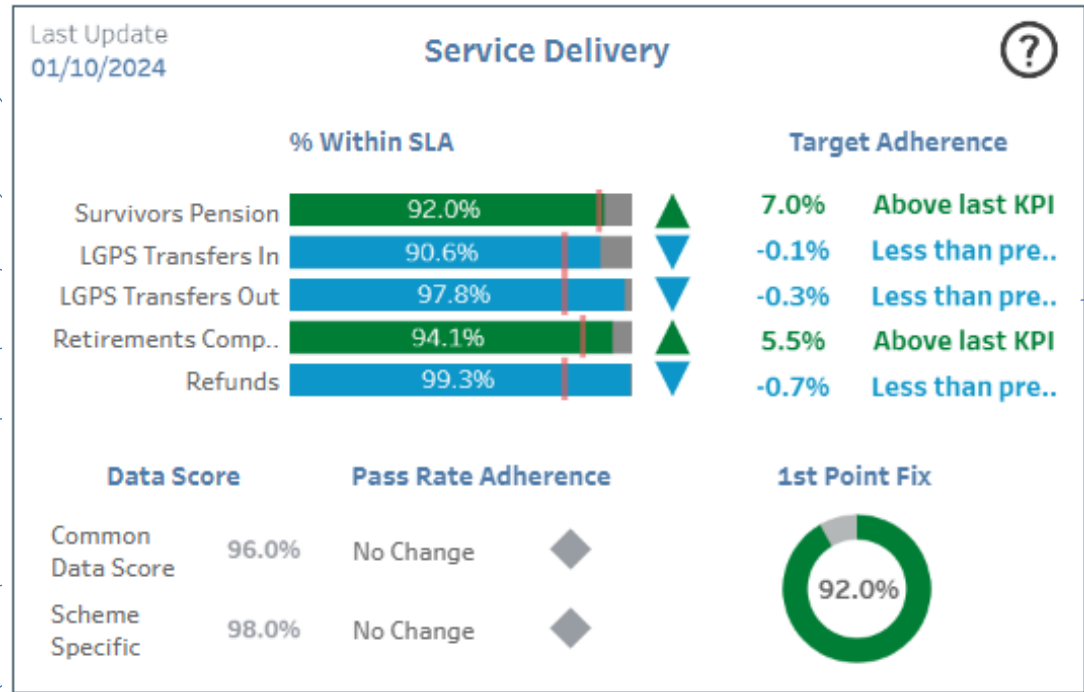
Consists of the percentage of Retirements Complete within the SLA

The percentage of Refunds processed within the 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.

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



On Target = At or above 90%

On Target = At or above 80%

On Target = At or above 80%

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

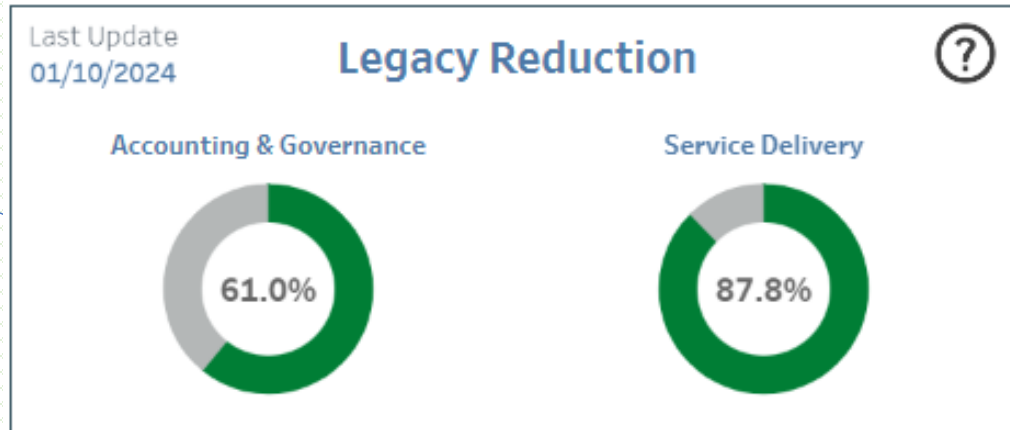
Data Scores Achieved on report from Heywood Analytics run on our member data. The % of member data that passed the checks made.

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

Down/Up Arrow = Indicates less or more % Data Score achieved than the target % amount

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

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\*

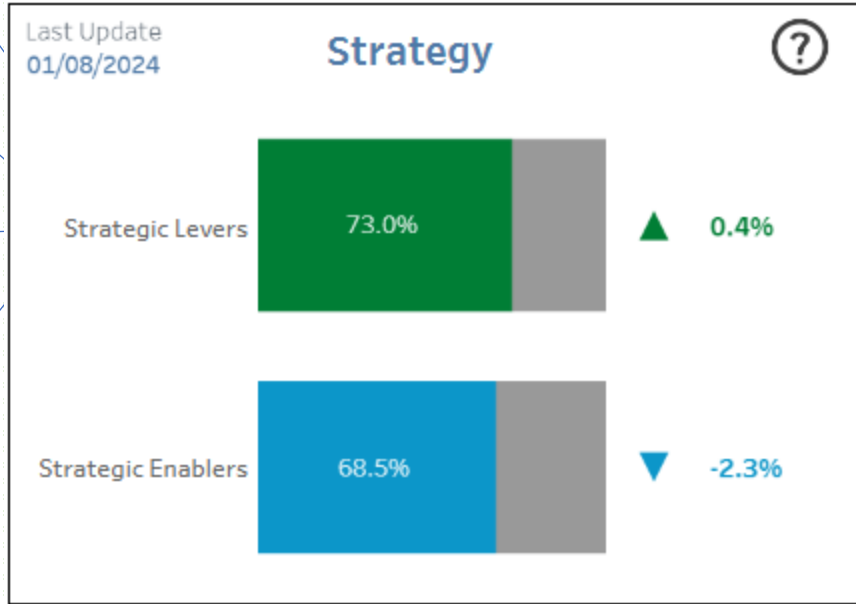
Investment Expertise:  
Weighted percentage average based on responses to the following questions from the PULSE survey:63\*

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

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% +

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

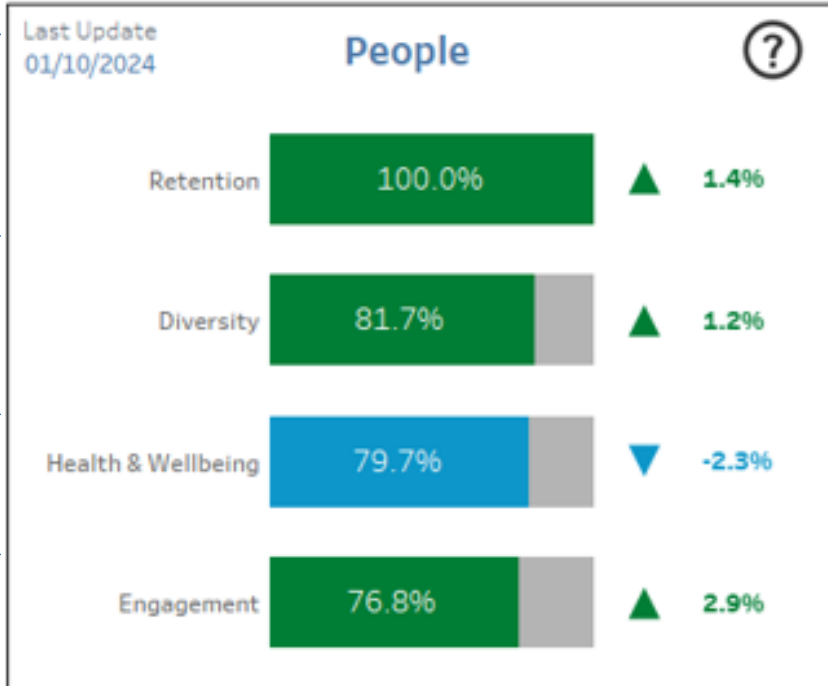
\* PULSE Survey Questions on Page 8



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

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: CHANGE MANAGEMENT UPDATE**

## **SUMMARY OF ISSUE:**

This paper details the Change Team Quarterly Report of activity for the period July – September 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.
2. During this period, the Surrey Pension Team won the 'Impact Investing Principles Adopter' at the Pensions for Purpose Awards.
  - a) Delivered a suite of Pension Awareness Week material to Employers & utilised the Surrey Communication Working Group to share resources to members.
  - b) Produced and launched the first in a suite of video interviews in line with the priorities set out in our Strategic Plan. [Video](#) describing Surrey Pension Team's plans for the future, our Workforce strategy and the importance of being ready for the future.

### 3. Learning & Development

- a) We have analysed the results of the Staff Pulse Survey and reported to Pensions Senior Leadership Team (PSLT). Generally, the results were positive and similar to that of the previous survey. However, Development showed a particular improvement. We have identified opportunities to further strengthen Development plans and in the area of Equality Diversity and Inclusion (EDI).
- b) A Lunch and Learn session was presented on Allyship, the practice of challenging thinking about privilege and working in solidarity with marginalised groups.
- c) Plans for the residential Board & Committee training event were finalised during this period. By now you will have completed this initial residential and feedback on the event has been taken and will be used to improve next year's residential training.
- d) A comprehensive training programme for the Extended Leadership Team (ELT) has been launched.
- e) We have started work on the Continuous Improvement programme and ELT have committed to supporting the development of a mechanism to deliver this.

### 4. Project Management

- a) 1 project, Responsible Investment, has been completed.
- b) 6 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 and identity.

### 5. Transformation

- a) We are midway through the process of tendering for an external consultant to advise further on the Y2/3 plans for the digital transformation strategy. It is hoped that this consultant will also be able to help with the delivery of the Y1 plans.
- b) The Phase 1 Governance proposal was successfully submitted to the Council CEO, CLT, the Cabinet Member for Finance and the SPF Committee in September. It was then taken for ratification to Full Council on 8 October where it was approved.
- c) Initiatives that will continue to evolve the culture of the SPT were further rolled out during this period – including a dedicated session on 'The Journey of the Pound Coin' to help the team understand their connected role in delivering a pension service.



- d) As part of our plans to improve the cohesion of the team, we have set up a successful Social Committee which has run a number of events over the summer.

#### **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. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

#### **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) We will be appointing the vendor to assist with the digital transformation strategy and confirmation of the plans for outer years.
  - b) The next steps for the Governance and Identity project will be to investigate all of the systems and services with SCC to ensure they are benchmarked and Service Level Agreements are in place.
  - c) The next Staff Pulse survey will take place in December.
  - d) A proposal to evolve our current Trainee programme will be taken to PSLT.

- e) Further Lunch and Learn sessions will be delivered to support our work on Equality Diversity and Inclusion (EDI). We will also be commencing focused work with PSLT on EDI, drawing on the expertise of SCC's inclusion lead.
  - f) The delivery of our next short-form interview video with a member of PSLT covering the topic of Responsible Investment - in line with the strategic plan. It will be available to members via LinkedIn and the Surrey Pension Team website.
  - g) Our scheduled 6-monthly Talking Talent session where we review the development plans of the team will take place in October.
- 

**Contact Officer:**

Nicole Russell, Head of Change Management

**Annexes:**

- 1. Projects July - September 2024 Annexe 1

**Sources/Background papers:**

- 1. None

## Projects July - September 2024

### Projects completed:

#### 1. 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:** The Stewardship code application was successful and priorities for 2024/25 were agreed. There is no further requirement for project management involvement at this time.

### Ongoing projects:

#### 2. Internal Documents & Standards:

There was 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 has been created and the majority of teams are now using this for document storage.

**Status:** Final two teams will be moving to the new SharePoint site shortly. Then to liaise with IT to change the G Drive to read-only.

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

**Status:** Lunch & Learn sessions still well attended and currently booked until December 2024.

#### 4. 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 Mercer alongside the Surrey Pension Team.

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

**5. 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 was validated using a third-party provider (ITM). The second stage will be the updating of records now that regulation has been finalised, with 2 years to correct records from that point.

**Status:** Testing of the Altair interface currently underway. Once this is completed in November records will be updated in the live system.

**6. 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 has been analysed with work being carried out to improve the member experience.

**7. 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.

**8. 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 was presented to the Pension Fund Committee in September and approved. It has subsequently been noted and approved at SCC Corporate Leadership Team and Full Council.



# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: SERVICE DELIVERY OVERVIEW**

## **SUMMARY OF ISSUE:**

This paper provides the Local Pension Board (Board) with updates on progress relating to a number of key administration projects and planned improvements.

## **RECOMMENDATIONS:**

It is recommended that the Board:

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

## **REASON FOR RECOMMENDATIONS:**

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 92%, an increase of 7% 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.
5. There has been an increase in performance across other key areas which had been below expected levels in the last quarter. Retirement and ill health cases have achieved and exceeded respectively, in this quarter.
6. Additionally, there has been improved performance with survivors' pensions, death benefits and balance of payments. Whilst the quarterly score has not yet met the baseline target, the trend shows a clear improvement through July to September, with September alone having achieved a green rating across all case types.
7. The improvement in the performance across all case types has validated the need to change the team set up earlier this summer, whereby the decision to re-organise the Immediate and Future Benefit Teams into two blended Benefit Teams, made up of staff carrying out work that was previously segregated.
8. The Trainee Team has continued to provide a flexible workforce and proactively support priority work, which has increased the services ability to meet customer expectations and provide development opportunities for our staff. This has been further supported by the Customer Relationship Team having more autonomy in prioritising 'chaser' cases that immediately impact the payment of a member's benefit.
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 14 complaints received. Details of these can be found at Annexe 4.

## **Internal Dispute Resolution Procedure (IDRP) and Pensions Ombudsman Cases**

12. Stage one appeals determined: Four have been raised.

- a) Member complained about lack of information provided following a query on the impact of the McCloud remedy on their pension benefits in payment. Appeal upheld and letter sent to member providing comparison and clarified whilst they were subject to the McCloud remedy, the underpin did not apply to their benefits.
- b) A member wishing to trivially commute benefits complained about receipt of conflicting information and if this was an available option to them. Appeal was upheld and member sent full details of all options available.
- c) A member complained about the length of time taken to re-issue payment of their lump sum after the payment was returned by the bank as the account could only accept payments from account holders nominated accounts. The appeal was upheld and the member offered compensation in recognition of the stress and loss of interest.
- d) Complaint surrounding employer's decision to refuse deferred benefits into payment on grounds of ill health and the assumptions applied by the Independent Medical Practitioner (IRMP). Appeal upheld regarding the employer's decision to refuse ill health as the IRMP had completed 2 ill health certificates with differing opinions. The adjudicator determined the employer either queries the discrepancy or obtain a fresh IRMP opinion, then reconsider their decision. The appeal was not upheld on the assumptions applied relating to the IRMP, as these are based on the balance of probabilities.

13. Stage two appeals determined: One has been raised.

- a) A LGPS member who had in house AVCs took voluntary retirement, wished to draw main scheme benefits but transfer AVCs to a provider that offered drawdown. Member complained their options were not made clear at the outset and the transfer could only proceed upon deferring main scheme benefits. The appeal was upheld in part, the member had declined the original offer of compensation for significant distress and inconvenience at stage 1, this was increased at stage 2.

## **Pensions Ombudsman Appeals**

14. One appeal has been raised during this period.

- a) A member was part of a TUPE transfer and has since the transfer, been trying to request flexible retirement. An estimate has been sent to the employer; however the member is uncertain of the process to be followed. The complaint is being dealt with as part of the Pensions Ombudsman's Early Resolution Service and a response has been sent

to the Pensions Ombudsman outlining the procedures the employer needs to follow.

15. Redress for non-financial injustice 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. In accordance with the [Surrey Pension Fund Breach of Law Policy](#) one breach has been reported and recorded this quarter.

17. The breach was as a consequence of two dependent female child pensioners having the same date of birth. As children do not have a National Insurance number issued until they reach age 16, the accepted way to record an identifying number for a child in our administration system is to use TNDDMMYY, where TN = temporary number, DDMMYY = the date of birth and F= female. One of these children received their own P60 and the other child's P60 also, as the addresses were matched to the TN Ni No recorded on their records.

18. In line with the policy, all relevant parties were consulted and the breach has been classed as 'green' in line with the Pensions Regulator's (tPR) [traffic light framework](#), deeming it not materially significant. As such it is not necessary to report this breach further.

### Customer Relationship Team (CRT) Update

19. During this period the CRT managed a total of 10,161 enquiries. At the initial point of contact 92% of these were successfully resolved, a 10% increase on the previous quarter.

20. The queries managed by the CRT during this period are grouped into the following categories:

Communication Channel	Volume
Call backs	152
Telephone	5141
Email	4868
<b>Total</b>	<b>10,161</b>

21. There has been a decrease of approximately 200 customer interactions in this period.



## **Guaranteed Minimum Pension (GMP)**

22. Work has recommenced with the rectification of member records as part of the GMP Project.
23. The data provided by our third-party supplier for deferred members has been successfully reviewed and agreed. The data will be uploaded into the pension database in the coming weeks, with a small number of exceptions (60 cases) to be reviewed by members of the team.
24. The attention has now turned to the pensioner data, with this work currently being re-scoped and an agreement being made with the third-party provider, defining how this work will be addressed in time for pension increase.
25. The indicative number of pensioners expected to be within scope of this work is circa 2,500. In January 2025, detailed analysis of the data supplied by the third-party supplier will take place. This review will primarily be undertaken to support the initial upload of the approved data prior to the pension increase. It will also identify where there are any exception cases that will require a more thorough investigation by members of the team assigned to the project.

## **McCloud**

26. The system configuration for reporting, bulk interfacing and the running of calculations has been completed in line with MHCLG, GAD and the LGA guidance.
27. Where applicable, employer returns have now been uploaded into the database, bringing member service history and working hours information up to date.
28. The necessary reports have been run to identify how many members may qualify for an underpin. Of the 29,055 eligible records within scope, the report was able to successfully include 19,842 records (68%) to determine if the member qualified for an underpin.

29. The indicative number of cases provisionally identified at this stage and requiring action are as follows:

<b>Member Status</b>	<b>Provisional Underpin Applies</b>	<b>Final Underpin Applies</b>
Active	526	
Undecided	115	
Pensioner	750	
Widow/Dependent	248	470
Death	15	16
<b>Grand Total</b>	<b>1654</b>	<b>486</b>

30. The records which make up the 32% that could not run through the system at this stage were largely due to historic aggregations or transfers having taken place or, where data discrepancies were highlighted within the record.

31. These numbers are indicative and based on work carried out in the test environment. These will require further investigation as part of the project and, further engagement with bodies such as LGA, system providers and other funds to seek some advice as to how these can be addressed will be required.

### **Annual Benefit Statements (ABS)**

32. Please see the ABS issuance figures as of 1 September 2024 below:

### **Monthly Employer Returns (iConnect) Roll Out**

33. As of 30 June 2024, 248 out of 370 (67%) employers have been onboarded to iConnect, which represents circa 28,200 (81%) of the active membership.

<b>Member Type</b>	<b>ABS Issued</b>	<b>Member % Represented</b>
Active	33,030	94.00%
Deferred	46,014	99.95%

34. There will be a short pause with onboarding further employers until the new year. This is to support those employers who have, or are, currently onboarding. This decision has been taken to ensure the employer roles, responsibilities and functions are fully understood and, to streamline any internal business processes that will support the continued roll out.

### **Legacy Case Reduction**

35. Work has steadily progressed with the legacy case reduction. The completion progress as of 30 September 2024 stood at 86%.

36. The remaining cases are mostly made up of transfer and aggregations, along with some remaining deferred cases awaiting further information from employers.
37. The work is expected to be completed by 31 December 2024 and between now and the end of the year further discussions will take place to determine where employers cannot provide any necessary information to complete the case.

### **Overseas Pensioner Check**

38. The issuance of 'proof of life' certificates is carried out bi-annually and is a process to check our overseas pensioners within the scheme are alive and well. This piece of work is undertaken both to satisfy our audit requirements and to protect our members' money and guard against fraud.
39. This work has historically been carried out internally via overseas postal services. Having reviewed this area of work, both from an efficiency and customer experience perspective, it was recognised the service was cumbersome for everyone involved.
40. A decision was taken to contract a third-party provider to undertake the work on behalf of Surrey Pensions. An agreement was made with Crown Agents Bank (CAB), who are a UK regulated bank and provider of wholesale foreign exchange and international payments services.
41. The CAB proof of life service provides a fully digital approach, with a secure member digital platform that allows for an accurate and efficient member identity service, using biometric facial authentication technology to verify against government issued ID documents.

The digital verification service benefits include:

- a) enhances the member experience and reduce processing time
  - b) improves the level of security checks carried out
  - c) satisfies audit requirements
  - d) allows monitoring and reporting on the uptake of the service
42. The service offers both an electronic and paper-based approach to satisfy the needs of our 612 overseas pensioners, all of which is managed end to end by CAB. Plans will now be put in place to run these checks annually, with the new proof of life service having launched in September 2024, and it will run until January 2025.

**CONSULTATION:**

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

**RISK MANAGEMENT AND IMPLICATIONS:**

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

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:**

45. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009)..

**LEGAL IMPLICATIONS – MONITORING OFFICER:**

46. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY:**

47. There are no equality or diversity issues.

**OTHER IMPLICATIONS:**

48. There are no other implications.

**NEXT STEPS:**

49. The following steps are planned:

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

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**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

## KPI Performance: Jul - Sep 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%	99%	2	212	212	2	2	1
SURVIVOR'S PENSIONS (tPR)	10 working days	90%	82%	18	74	76	18	8	14
DEATH BENEFITS PAYABLE (tPR)	10 working days	90%	76%	32	48	55	26	7	28
BALANCE OF PAYMENTS (tPR)	10 working days	90%	77%	78	182	230	44	11	11
RETIREMENT (COMPLETE) (tPR)	15 working days	85%	85%	308	597	686	130	147	11
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	15 working days	90%	88%	3	15	17	1	2	4
REFUNDS (tPR)	20 working days	80%	100%	211	952	1,039	83	247	5
RETIREMENT (INITIAL NOTIFICATION)	15 working days	80%	85%	433	666	733	166	318	14
ILL HEALTH RETIREMENT (INITIAL)	15 working days	90%	94%	6	15	17	2	2	7
DEFERRED STATUS	40 working days	80%	97%	249	829	548	519	113	57
EMPLOYER ESTIMATE	10 working days	80%	96%	10	57	53	13	9	15
LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	96%	121	360	315	159	85	30
NON-LGPS TRANSFER IN (ESTIMATE)	20 working days	80%	95%	8	18	20	6	9	18
LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	97%	35	222	191	64	53	20
NON-LGPS TRANSFER OUT (ESTIMATE)	20 working days	80%	100%	15	60	48	23	11	29
LGPS TRANSFER IN (ACTUAL)	20 working days	80%	92%	187	524	436	262	81	36
NON-LGPS TRANSFER IN (ACTUAL)	20 working days	80%	91%	13	36	33	16	3	29
LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	98%	58	189	161	76	22	28
NON-LGPS TRANSFER OUT (ACTUAL)	20 working days	80%	100%	7	17	21	3	2	9
NEW STARTER	30 working days	80%			793	793			
<b>TOTAL CASE NUMBERS</b>			<b>92%</b>	1,794	5,866	5,684	1,613	1,132	

## Summary

New team structure implemented from July 2024

Period is a mix of recovery and new process improvements

Prioritisation for ill health cases now implemented.

Survivors and death benefits have further improvement work to be implemented for Q3.

Performance for September, as an individual month, was at or above target

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Performance Trend Analysis

Case Type	KPI Performance Comparison				Future Workload Time Comparison			
	2023/24		2024/25		2023/24		2024/25	
	Q3 % completed within SLA	Q4 % completed within SLA	Q1% completed within SLA	Q2 % completed within SLA	Q3 Future Workload	Q4 Future Workload	Q1 Future Workload	Q2 Future Workload
DEATH NOTIFICATION (tPR)	84%	98%	97%	99%	1 day	1 day	1 day	1 day
SURVIVOR'S PENSIONS (tPR)	82%	85%	68%	82%	6 days	10 days	14 days	14 days
DEATH BENEFITS PAYABLE (tPR)	79%	72%	58%	76%	24 days	30 days	29 days	28 days
BALANCE OF PAYMENTS (tPR)	86%	88%	73%	77%	19 days	18 days	23 days	11 days
RETIREMENT (COMPLETE) (tPR)	76%	85%	66%	85%	29 days	25 days	48 days	11 days
ILL HEALTH RETIREMENT (COMPLETE) (tPR)	75%	92%	80%	88%	15 days	days	36 days	4 days
REFUNDS (tPR)	99%	99%	100%	100%	9 days	6 days	19 days	5 days
RETIREMENT (INITIAL NOTIFICATION)	92%	91%	74%	85%	18 days	30 days	40 days	14 days
ILL HEALTH RETIREMENT (INITIAL)	76%	67%	92%	94%	26 days	33 days	28 days	7 days
DEFERRED STATUS	93%	90%	95%	97%	41 days	21 days	25 days	57 days
EMPLOYER ESTIMATE	65%	72%	66%	96%	7 days	23 days	12 days	15 days
LGPS TRANSFER IN (ESTIMATE)	97%	93%	95%	96%	19 days	18 days	23 days	30 days
NON-LGPS TRANSFER IN (ESTIMATE)	100%	100%	100%	95%	26 days	30 days	48 days	18 days
LGPS TRANSFER OUT (ESTIMATE)	98%	99%	95%	97%	15 days	14 days	9 days	20 days
NON-LGPS TRANSFER OUT (ESTIMATE)	98%	96%	100%	100%	24 days	17 days	15 days	29 days
LGPS TRANSFER IN (ACTUAL)	94%	83%	90%	92%	23 days	33 days	19 days	36 days
NON-LGPS TRANSFER IN (ACTUAL)	97%	100%	87%	91%	38 days	30 days	34 days	29 days
LGPS TRANSFER OUT (ACTUAL)	91%	90%	92%	98%	41 days	30 days	16 days	28 days
NON-LGPS TRANSFER OUT (ACTUAL)	90%	77%	95%	100%	32 days	11 days	21 days	9 days
Average Score	88%	88%	85%	92%				

## KPI Table Key

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



## Service Delivery – Terminated Case Overview – Annexe 3

### Terminated Case Overview

This is a summary of where cases have been closed (not completed) during this quarter. The below tables Includes categories where 50 or more case types have been terminated in this period.

<b>Case Type</b>	<b>Case Numbers</b>
Retirement (Initial Notification)	318
Refunds	247
Retirement Complete	147
Deferred Status	113
LGPS Transfer In (Estimate)	85
LGPS Transfer In (Actual)	81
Concurrent Service	71
LGPS Transfer Out (Estimate)	53

\*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**

Most commonly due to the member requiring an aggregation, concurrent or a transfer (or vice versa) rather than initial set-up as Deferred or Refund.

This is the same for concurrent cases, whereby the record may actually require deferring or a transfer.

#### **Categorisation change on transition from estimate to actual**

Most common cause is due to the receipt of correspondence from a member or employer and, is then set up in the system as an estimate, whereby it is actually ready to be processed as an actual (or vice versa).

Other causes are whereby a member has returned their forms to the incorrect authority. The case is then closed, and the member is notified.

#### **Categorisation change on requirement for processing**

Noted as Retirement Notifications – most commonly due to the member actually requiring an estimate at this stage.

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<b>Annexe – Complaints from July to September 2024</b>			
<b>Case number</b>	<b>Date Received</b>	<b>Root Cause</b>	<b>Details of Complaint</b>
<b>SUR443349</b>	01/07/2024	Unit 4	<p>The complaint concerned a one-month delay in setting up a pension record from the date of joining, along with other MySurrey-related issues. However, the complaint was not justified, as the delay was due to Unit 4 system issues rather than the pension service delivery team.</p> <p>While an apology and explanation were provided, the complaint should have been redirected to Surrey Payroll.</p> <p>Resolution Date: 12 July 2024 Agreed Actions: Apology</p>
<b>SUR223838</b>	10/07/2024	Service Quality / Delivery	<p>The complaint related to a delay in transferring AVCs to another provider. While the transfer was mostly handled within reasonable timeframes for each stage, there was a delay in responding to a recent request from Utmost Life for a form to be completed. It took one month to respond, and the issue was only addressed after the complaint was raised.</p> <p>The complaint was upheld, an apology was issued, and actions were taken to expedite the transfer.</p> <p>Resolution Date: 25 July 2024 Agreed Actions: Advice/Information Given</p>
<b>SUR646686</b>	11/07/2024	Service Quality / Delivery	<p>The complaint concerned a delay in responding to the member's query about aggregating their pension. An apology was provided, along with correspondence sent to the member to assist them in making a decision.</p> <p>Resolution Date: 17 July 2024 Agreed Actions: Apology /Information Given</p>
<b>SUR892215</b>	15/07/2024	Poor Communication	<p>A deferred member who left the scheme before 1 April 1998 filed a complaint, stating they were unaware that they needed to claim their pension from their Normal Pension Date. While the member acknowledges that the pension will be backdated, they feel misled due to the annual deferred ABS statements, which highlighted an increase in pension value.</p> <p>The complaint was upheld, as the communications did not clearly state that there was no option to defer the pension. Additionally, the information provided through the ABS contributed to the member's assumption that deferment was possible.</p> <p>Resolution Date: 09 August 2024 Agreed Actions: Apology</p>
<b>SUR548370</b>	18/07/2024	Poor Communication	<p>This complaint involved a member trying to make decisions regarding their deferred pension. They submitted a request for</p>

			<p>trivial commutation, which was denied, and they incorrectly completed their claim forms.</p> <p>The complaint was partially upheld, as there was an opportunity for more efficient communication with the member.</p> <p>Additionally, the complaint was delayed due to being paused while the member made their decision.</p> <p>Resolution Date: 08 August 2024 Agreed Actions: Apology, information provided</p>
<b>SUR727087</b>	19/07/2024	Service Quality / Delivery	<p>This Complaint concerned the delay in processing pension into payment, the member left in May 2024.</p> <p>Resolution Date: 02 August 2024 Agreed Actions: Apology and Benefits paid.</p>
<b>SUR172998</b>	22/07/2024	Administrative Error	<p>This complaint involved a member's pension claim forms and a copy of identification that went missing. The documents were located in the digital post system, and it was determined that a human error occurred when the post was moved to a completed folder.</p> <p>Resolution Date: 05 August 2024 Agreed Actions: Apology, information provided</p>
<b>SUR192632</b>	09/07/2024	Service Quality / Delivery	<p>This Complaint concerned the delay in processing pension into payment, the member left in May 2024.</p> <p>Resolution Date: 08 August 2024 Agreed Actions: Apology and Benefits paid.</p>
<b>SUR150784</b>	29/07/2024	Administrative Error	<p>This complaint involved repetitive letters sent regarding the overpayment of a deceased member's pension. A block should have been placed on the account while tracing the payment to prevent the member from receiving any further follow-up letters.</p> <p>Resolution Date: 08 August 2024 Agreed Actions: Apology</p>
<b>SUR836966</b>	05/08/2024	Service Quality / Delivery	<p>Complaint regarding lack of timely response to email to CRT. Member emailed query about HMRC lump sum limits and was given 15-20 working day timeframe for response.</p> <p>Complained after 12 days. Overall query was not answered until my complaint response so complaint upheld with an apology and information provided.</p> <p>Resolution Date: 20 Aug 2024 Agreed Actions: Advice/Information Given and Apology</p>
<b>SUR848392</b>	05/08/2024	Service Quality / Delivery	<p>This Complaint concerned the delay in processing pension into payment, the member left on 31<sup>st</sup> May 2024.</p> <p>Resolution Date: 12 September 2024 Agreed Actions: Apology and Benefits paid.</p>

<b>SUR675597</b>	07/08/2024	Poor communication	<p>This complaint involved a dependent's pension payments, which they believed were not being managed correctly. The information provided was accurate, and we have supported the member in taking this matter forward.</p> <p><b>Resolution Date:</b> 19 August 2024  <b>Agreed Actions:</b> Advice and information provided.</p>
<b>SUR074938</b>	22/08/2024	Service quality and delivery	<p>This complaint concerned the late payment of Ill-Health retirement benefits. The member left on 05 March 2024, but the pension and AVC were not paid until late August 2024. The delays were primarily due to the employer not submitting the pay data, the LGPS Medical Certificate, and employer approval for the ill-health retirement. Additionally, the AVC with Prudential contributed to the extended time needed to complete the pension claim. Overall, SPT took more than 15 working days to send a pension quote, and an apology was issued. SPT did not offer an interim payment while awaiting the AVC fund, which has been acknowledged for future cases. It was also noted that SPT should have communicated better regarding delays, even if they were not at fault.</p> <p>The complaint was upheld due to the delay in issuing the pension quote. However, the compensation claim was not upheld, as interest for the late payment was paid on the lump sum.</p> <p><b>Resolution Date:</b> 11 September 2024  <b>Agreed Actions:</b> Advice and information provided, apology issued, and service rendered..</p>
<b>SUR085326</b>	25/09/2024	Poor communication	<p>This complaint related to the failure to obtain information from Payroll. The complaint was upheld due to delays in responses from our customer relationship teams.</p> <p>The issue was resolved following a call and an apology from the customer relationship team</p> <p><b>Resolution Date:</b> 25 September 2024  <b>Agreed Actions:</b> Apology and assistance provided.</p>

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# SURREY LOCAL PENSION BOARD REPORT



**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: RISK REGISTER UPDATE 2024/25 QUARTER 2**

## **SUMMARY OF ISSUE:**

This report considers the changes made to the Risk Register for the Surrey Pension Team during Quarter 2 of 2024/25.

## **RECOMMENDATIONS:**

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

1. Notes the content of this report.
2. Makes 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 Fund 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 are possible, then the means to mitigate the implications of the risks are established.
3. With a view to developing a Risk Management Strategy for the Surrey Pension Team in the coming months, the existing (Quarter 1 (Q1)) risk register

presented to the Board in July 2024 has been reviewed. As a result, changes have been made to the Risk Register in this quarter (Quarter 2 (Q2)):

- a) the previous risk register provided an overall risk score for each of the 16 Risk IDs and has been unaltered in this quarter as shown in the row directly above each Risk ID.
  - b) the previous 16 Risk IDs had a total of 51 Risk sub-IDs. This review has identified 16 Risk IDs and 61 Risk sub-IDs in total. Each Risk sub-ID has been scored. Further work in this area is expected to continue in the coming months to improve the way in which risks are gathered, recorded and scored.
  - c) the **green** text in Q2 Risk Register shows the changes added to the risk register in this quarter. The original text in black which are no longer applicable have been struck through.
  - d) MySurrey risks (Risk ID 16) were reported to the Board in July 2024 as Annexe 2 of the Q1 Risk Register update. These risks have been separated into 10 individual Risk sub-IDs (16A – 16J), scored and included within Risk ID 16 in Q2 Risk Register.
  - e) Q1 Risk Summary and Heat Map of July 2024 have been retained in Q2 Risk Register (Annexe 2) for ease of reference when comparing the risk scores for the previous and current quarters.
  - f) a further Heat Map of Risk sub-IDs for October 2024 tab has been created and added in Q2 Annexe 2 to illustrate the distribution of Risk sub-IDs (in black) against the original overall Risk IDs (in **red**).
4. 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. An assessment of the likelihood of the risk has also been undertaken.
  5. The initial findings from the review of Q1 Risk Register have been detailed in Annexe 1 of this report.
  6. Further work will be undertaken to include developing individual team risk registers and heat maps, monthly reviews and quarterly updates to the SPT senior leadership team, Board and Committee. And the drafting of a Risk Management Strategy.

**CONSULTATION:**

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



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

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

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

9. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

### **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 initial review findings detailed in Annexe 1 and the next steps as stated in paragraph 6, along with any recommendations from the Board, will be presented to the Pension Fund Committee at its next meeting on 13 December 2024.

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### **Contact Officer:**

Colette Hollands, Head of Accounting and Governance

### **Annexes:**

1. Initial findings of the review of Q1 Risk Register – Annexe 1
2. Quarter 2 Risk Register (October 2024)- Annexe 2
3. MySurrey position report – Annexe 3

### **Sources/Background papers:**

1. None

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### Initial findings from the review of 2024/25 Quarter 1 Risk Register

1. The summary findings are shown below and explained in detail thereafter.
2. Q1 Risk Register (reported to the Board in July 2024) contained 16 risks denoted by Risk IDs 1 to 16 and each Risk ID had an overall score. Each of the 16 Risk IDs had one or more Risk sub-IDs within them making a total of 51 Risk sub-IDs as shown in Table 1 in para 2 below.
3. The table below summarises the Q1 Risk Register position.

Risk ID	Risk Score	Risk sub-ID	Total Risk sub-IDs
1	8	1A, 1B	2
2	6	2A, 2B, 2C	3
3	9	3A, 3B, 3C, 3D, 3E, 3F	6
4	4	4A, 4B	2
5	12	5A, 5B, 5C	3
6	12	6A, 6B	2
7	12	7A, 7B, 7C, 7D, 7E	5
8	4	8A	1
9	9	9A, 9B, 9C, 9D	4
10	9	10A, 10B, 10C	3
11	6	11A, 11B, 11C, 11D	4
12	8	12A, 12B, 12C	3
13	12	13A, 13B, 13C, 13D, 13E, 13F, 13G	7
14	12	14A, 14B	2
15	8	15A, 15B, 15C, 15D	4
16	16	Not broken down into Risk sub-IDs	0
<b>TOTAL</b>			<b>51</b>

4. Q2 Risk Register reviewed all Risk sub-IDs and amended as necessary before scoring them. It included a further identification of 10 Risk sub-IDs within certain Risk IDs, now resulting in a total Risk sub-IDs of 61 as shown in the table below.

Risk ID Q1	Risk sub-ID Q1	Total Risk sub-IDs Q1	Risk sub-ID Q2	Total Risk sub-IDs Q2
1	1A, 1B	2	1A, 1B	2
2	2A, 2B, 2C	3	2A*, 2B, 2C	2
3	3A, 3B, 3C, 3D, 3E, 3F	6	3A, 3B, 3C, 3D, 3E, 3F	6
4	4A, 4B	2	4A, 4B	2
5	5A, 5B, 5C	3	5A, 5B, 5C, 5D**	4
6	6A, 6B	2	6A, 6B	2
7	7A, 7B, 7C, 7D, 7E	5	7A, 7B, 7C, 7D, 7E	5
8	8A	1	8A, 8B**	2
9	9A, 9B, 9C, 9D	4	9A***, 9B, 9C, 9D*	3
10	10A, 10B, 10C	3	10A, 10B, 10C	3
11	11A, 11B, 11C, 11D	4	11A, 11B, 11C, 11D	4
12	12A, 12B, 12C	3	12A, 12B, 12C***	3
13	13A, 13B, 13C, 13D, 13E, 13F, 13G	7	13A, 13B, 13C, 13D, 13E, 13F, 13G	7
14	14A, 14B	2	14A, 14B	2
15	15A, 15B, 15C, 15D	4	15A, 15B, 15C, 15D	4
16	Not broken down into Risk sub-IDs	0	16A, 16B, 16C, 16D, 16E, 16F, 16G, 16H, 16I, 16J	10
<b>Total</b>		51	<b>Total</b>	61

\*In Q2 risk register, Risk IDs 2A and 9D were deleted.

\*\*Risk IDs 5D and 8B were added.

\*\*\* Risk ID 9A was changed to 9C while 9B and 9C became 9A and 9B respectively. Risk title descriptions for 12A, and 12B were changed.

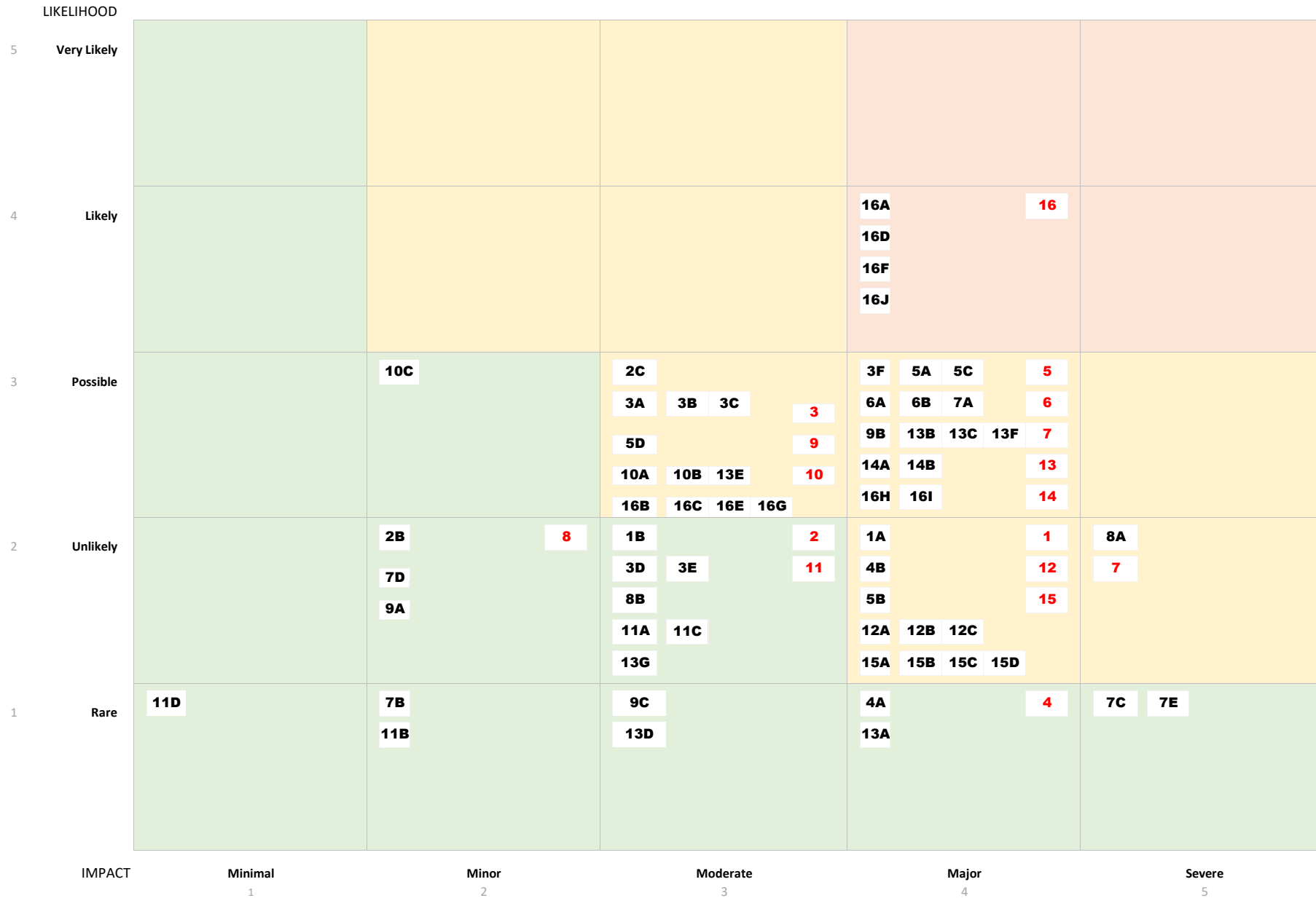
- The table below shows Q2 Risk sub-ID scores, their Risk sub-IDs and the total number of Risk sub-IDs in each of the Risk sub-ID scores.

Q2 Risk sub-ID scores	Q2 Risk sub-IDs	Q2 total Risk sub-IDs
16	16A, 16D, 16F, 16J	4
12	3F, 5A, 5C, 6A, 6B, 7A, 9B, 13B, 13C, 13F, 14A, 14B, 16H, 16I	14
10	8A	1
9	2C, 3A, 3B, 3C, 5D, 10A, 10B, 13E, 16B, 16C, 16E, 16G	12
8	1A, 4B, 5B, 12A, 12B, 12C, 15A, 15B, 15C, 15D	10
6	1B, 3D, 3E, 8B, 10C, 11A, 11C, 13G	8
5	7C, 7E	2
4	4A, 2B, 7D, 9A, 13A	5
3	9C, 13D	2
2	7B, 11B	2
1	11D	1
<b>TOTAL</b>		<b>61</b>

### Changes to risk scores in Quarter 2

6. The overall scores for Risk IDs 4, 5, 6 and 7 in Investment and Stewardship have been assessed and shown in the Risk Register in **green**. Further work is required to determine the overall scores for the remaining Risk IDs. However, all the 61 Risk sub-IDs in the 2024/25 Q2 Risk Register have been scored.
7. Additionally, the highest Risk ID 16 (in Q1) on MySurrey/Unit 4 has been divided into 10 separate Risk sub-IDs (16A - 16J). This has been helpful in scoring and highlighting the specific issues affecting the service and the work that is going on to address these issues and manage risks.
8. The comparison of the scores in the heat map (of October 2024) of Risk sub-IDs vs the scores of the original overall Risk IDs illustrates the following:
  - a. Scores of some Risk IDs align with some or all of their respective Risk sub-IDs. For example, Risk ID 3 score aligns with Risk sub-ID 3A, 3B and 3C but not with 3D, 3E and 3F. Similarly, Risk ID 6 score aligns fully with scores of Risk sub-IDs 6A and 6B.
  - b. Similar alignments can be found for scores for Risk IDs 12 with 12A, 12B and 12C, 13 with 13B, 13C and 13F, 14 with 14A and 14B, and 15 with 15A, 15B, 15C and 15D.

- c. For scores of Risk IDs 2, 8 and 9, there is little or no resemblance between the scores of overall Risk IDs and their Risk sub-IDs.
- d. The link between the scores of Risk IDs 1, 4, 5, 7, 10, 11 and the scores of their Risk sub-IDs sits between the above two ranges.



Pension Team Risk Heat Map

July 2024

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



# Pension Team Risk Summary

July 2024

Risk ID	Risk Title	Risk Owner	Risk with current mitigation controls in place			Curr q mvt
			Likelihood (1-5)	Impact (1-5)	Overall Score	
16	Ongoing issues (access, training, reporting etc.) following implementation of new financial system leading to delayed processing, data integrity issues, financial loss and build up of backlogs.	A&G	4	4	<b>16</b>	
5	Investment strategy and proposed implementation materially affects investment performance	I&S	3	4	<b>12</b>	
6	Investment returns impacted by market volatility/ performance	I&S	3	4	<b>12</b>	
7	Investment returns impacted by third party or counter party performance/default	I&S	3	4	<b>12</b>	
13	Scheme is financially or reputationally impacted by failure to adhere to (changes in) regulatory and legislative compliance requirements	SD	1	4	4	
14	Reputational issues due to inaccurate public domain information (external stakeholder relationships / comms) or inefficient service	A&G	3	4	<b>12</b>	
3	Funding requirements higher due to actuarial assumptions materially different to experience	A&G	3	3	<b>9</b>	
9	Skills / knowledge gaps of officers and Members lead to inefficiency and poor performance of the Surrey Pension Team.	SD	1	3	3	
10	Data administration failure / fraud leads to data integrity issues	A&G and SD	3	3	<b>9</b>	
1	Employers unable/unwilling to make payments	A&G	2	4	<b>8</b>	
12	Business interruption or cyber security breach leads to data integrity issues or financial loss	SD	2	4	<b>8</b>	
15	Internal protocols for governance not followed	A&G	2	4	<b>8</b>	
11	Work volume mismatch with operational capacity leading to backlogs	A&G, 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	5	<b>10</b>	

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

Pension Team Risk Register

Oct-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date			
Overall risk score											2	4	8			
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) SPT via the Actuary (Hymans) <del>Administering Authority</del> actively monitors prospective changes in membership. 2) Employer Team in <del>Maintain</del> knowledge of employer future plans. 3) Contributions rates and deficit recovery periods are set during triennial valuation 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) During each triennial valuation <del>Risk</del> categorisation of employers are undertaken and implemented <del>as part of 2022 actuarial valuation</del> . Some employer categories are reviewed more frequently. 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 with regard to number of employees. E.g Time period for Woking Community Transport is reviewed.		2	3	6	TREAT 1) Pension Team monitors and understands aggregate exposure of employers. 2) Appropriate cessation debt sought on exit i.e. Deferred debt agreement in place. 3) <del>Possibly</del> seek guarantee from alternative employer.					
Overall risk score											2	3	6			
2	Employers delay making payments	Service-Delivery	2A	C3-3	<del>Rise in ill health retirements.</del>	<del>Impact on employer organisations leading to delay in payments.</del>	A&G	<del>2</del>	<del>3</del>	6	<del>TREAT 1) Self-insurance implemented across the fund. 2) Reactive reposition funding strategy if necessary.</del>					
		Service-Delivery	2B	C3-3	Rise in ill health retirements.	Rise in self insurance costs impact employer organisations leading to delay in payments.	A&G	2	2	4	TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.					
		A&G - Funding	2C		Employer issues with affordability and/or cashflow. Changes to member circumstances and LGPS Regulations. E.g. Early retirements (UCA) affecting strain costs and contributions.	Delay in payments.		3	3	9	TREAT 1) Pension Team monitors covenant of employers. 2) Engagement with employers on delay of receipt of payment notifications - with the objective to improve timely application of funds to relevant employer accounts. 3) Review structure of contractors and consider pass-through arrangements.					

Pension Team Risk Register

Oct-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
Overall risk score													
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%.		3	3	9	TOLERATE- 1) The Fund actuary uses long term longevity projections in the actuarial valuation process. 2) <b>SPF SCC</b> 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).		3	3	9	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 <b>actuary's actuaries</b> 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.		2	3	6	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.		2	3	6	TREAT / TOLERATE- 1) The Fund actuary uses prudent assumptions on the future of workforce (full replacement assumed for active employers). The fund has regular communications with employers 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's and Scheme Advisory Board's cost management process has an implied increase in employer contributions.	Employers need to pay additional funds into the scheme.		3	4	12	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 to <b>strengthen for the strengthening of</b> their covenant by the provision of additional security to the Fund. 3) Advice from Fund actuary on issues related to Section 13 analysis.		

Pension Team Risk Register

Oct-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
Overall risk score													
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. (Risk Score for all of Risk ID 4 = Likelihood 1, Impact 4 and overall 4)	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 is 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.		2	4	8	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 <u>32</u> , <u>34</u> 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.		

Pension Team Risk Register

Oct-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
Overall risk score													
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. (Risk Score for all of Risk ID 5 = Likelihood 3, Impact 4 and overall 12)	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		2	4	8	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. BCPP Funds underperform.	Investment returns not at expected level for the risk appetite		3	4	12	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.	1) See 5B above 2) New structure for mandate level oversight being deployed.	
		Investment	5D		Potential impact of Government consultation of LGPS	Imposed asset allocation or further improved structural changes. Imposed investment strategy from Central Government impacts returns.		3	3	9	TREAT / TOLERATE 1) Follow the Law. 2) Already discussing with BCPP partners. 3) Invest in the UK. 4) Forced merger of pools. 5) Buying another pool.		
Overall risk score													
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. (Risk Score for all of Risk ID 5 = Likelihood 3, Impact 4 and overall 12)	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.		3	4	12	TREAT / TOLERATE- 1) Diversification across equities, bonds, property and alternatives, limiting exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation. 3) Actuarial valuation and asset/liability study take place automatically at least every three years. Sensitivity analysis carried out. 4) The actuarial assumptions and funding ratio measures considered at every Committee meeting. 5) Actuarial calculations assess a likelihood of achieving a set of returns over the long term.		

Pension Team Risk Register

Oct-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
Overall risk score								3	4	12			
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£5.5m. (Risk Score for all of Risk ID 5 = Likelihood 2, Impact 5 and overall 10)	I&S	3	4	12	TREAT- 1) The Investment Management Agreements clearly state <b>SCCs</b> the Fund'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 <b>Border to Coast (BCPP)</b> 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.		1	2	2	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.		1	5	5	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	2	2	4	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	1	5	5	TOLERATE- 1) Performance of third parties (other than fund managers) is monitored. 2) Regular meetings and conversations with Northern Trust take place. 3) Actuarial work and investment work are provided by two different consultancies.		
Overall risk score								2	2	4			
8	Insufficient liquidity / lack of cash to meet obligations for collateral rebalancing / payments out	A&G - Finance	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	5	10	TOLERATE / TREAT- 1) Through improved communication from Treasury Management in SCC, borrowing limits with banks and other counterparties are set at levels that are more than adequate should cash be required at short notice. SPT requirements are not known to Treasury Management resulting in borrowing elsewhere. 2) Cashflow analysis of pension fund undertaken quarterly. 3) Annual Cash flow analysis undertaken by Actuary.		
		A&G - Finance	8B		Surrey Pension Team (SPT) does not have control of the day to day operations of the Surrey Pension Fund bank account.	Shortfalls on cash levels and borrowing becomes necessary to ensure that funds are available.	A&G	2	3	6	TOLERATE / TREAT- 1) Source of funds from investments identified. Income relieved from BCPP Multi-Asset credit fund and CBRE. 2) Pension Team banking controls under review.	Banking Controls Project commenced to be completed by 31 March 2025	Mar-25

Pension Team Risk Register

Oct-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
Overall risk score								3	3	9			
9	Skills / knowledge gaps of officers and Members lead to inefficiency and poor performance of the Surrey Pension Team.	Service Delivery	9AC		Lack of capability of the admin system	Inefficiency and disruption	SD	1	3	3	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.		Mar-25
		Service-Delivery-All SPT teams	9AB		Gaps in skills and knowledge due to key person/single point of failure and different skill requirements. Absence of procedure notes and tasks not shared compound the risk.	Training requirements not completed. Staff unaware of procedures leading to inefficiency, poor performance and build up of backlogs.	SD A&G, I&S, SD and CM	2	2	4	TREAT- 1) 'How to' notes in place for A&G, I&S, SD and CM. 2) Development of team members & succession planning need to be improved. 3) Officers and members of the Pension Fund Committee and Local Pension Board to be mindful of the proposed CIPFA Knowledge and Skills Framework and appropriate IPR Codes of Conduct when setting objectives, and establishing and meeting training needs. 4) Skills matrices to be completed by all staff and standardised Personal Development Plans-being-introduced- are in place. Career pathway matrix developed and performance conversations of meeting objectives and development opportunities are identified via Talking Talent to complete necessary training and succession planning.	Workforce plan considering resilience and succession planning in preparation. The 2 Benefits Teams in SD have been combined to minimise resource gaps and flex workforce easily. Process dashboard is being developed in SD? to monitor the health of key processes in SPT.	
		Service-Delivery-All SPT teams	9CB		Lack of productivity	Impaired performance.	SD A&G, I&S, SD and CM	3	4	12	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 for SD. 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.	SD				TREAT- 1) 'How to' notes in place for A&G, I&S, SD and CM. 2) Development of team members & succession planning need to be improved. 3) Officers and members of the Pension Fund Committee and Local Pension Board to be mindful of the proposed CIPFA Knowledge and Skills Framework and appropriate IPR Codes of Conduct when setting objectives, and establishing and meeting training needs. 4) Skills matrices to be completed by all staff and standardised Personal Development Plans being introduced.	Moved to 9A above - Workforce plan considering resilience and succession planning in preparation. The 2 Benefits Teams in SD have been combined to minimise resource gaps and flex workforce easily. Process dashboard is being developed in SD? to monitor the health of key processes in SPT.	
Overall risk score								3	3	9			
10	Data administration failure / fraud leads to data integrity issues	A&G and SD	10A		Incorrect data due to employer error, user error or historic error.	Service disruption, inefficiency and conservative actuarial assumptions.	A&G and 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.		
		A&G and SD	10B		Poor reconciliation process.	Incorrect contributions.		3	3	9	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. Aiming to move to monthly reconciliation as employers engage with i-connect.	Work is underway to continue the roll out of iConnect with future developments being explored to utilise the monthly submission data as part of the reconciliation across SD and A&G. The risk remains until a process for reconciling i-Connect files to receipts is in place - work is underway at present to move all employers to use i-Connect.	Mar-25
		A&G and SD	10C		Unit4- 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		3	2	6	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 remove this risk to Q2 - The integration process of updating Unit4 with Altair payments is being addressed.	Mar-25

Pension Team Risk Register

Oct-24

Risk ID	Risk Title	Risk Area	Risk sub-ID	FSS x-ref	Causes	Effect	Risk Owner	Likelihood (1-5)	Impact (1-5)	Overall Score	Key Existing Management Controls	Planned Enhancements to Controls (Actions)	Target Date
Overall risk score													
11	Work volume mismatch with operational capacity leading to backlogs	Service-Delivery. All teams in SPT	11A		Processes do not all have a standardised approach	This could lead to inefficiencies	A&G, 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.	Work is underway to develop a process dashboard to monitor the health of key work areas.	
		Service-Delivery. All teams in SPT	11B	C5-3	Failure to follow up on outstanding issues	Inefficiency and damaged reputation.	A&G, SD	1	2	2	TREAT 1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy.	Admin strategy under review. System allocation functionality is in place for SD to mitigate the risk.	
		Service-Delivery. All teams in SPT	11C		Backlog cases in all SPT systems (including 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.	A&G, SD	2	3	6	TREAT 1) Ensure total backlog is recorded accurately (backlog should include cases in Altair) for A&G and SD. 2) Ensure completed BAU cases are recorded in Key Performance Indicators for SD. 3) Ensure total number of backlog cases is correctly recorded on the system and presented accurately in the quarterly Administration Performance Report and Dashboard. 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. Dedicated team in SD have worked and reduced the case numbers by 87% to mitigate the risk.	Mar-25
		Service Delivery	11D		Operational capacity impacted by unavailability of key resources through industrial action, illness or other causes	Inefficiency and poor performance.	SD	1	1	1	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 relect this. - Delete?	Mar-25



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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
Overall risk score													
42	Business interruption or cyber security breach leads to data integrity issues or financial loss.	Service-Delivery and Accounting and Governance	42A		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.	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	42B		Failure to implement proper cyber security policies.	Prolonged service disruption and damage to reputation.		2	4	8	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	42C		Failure to hold personal data securely.	Personal financial impact and damage to reputation.		2	4	8	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.		
12(i)	Business interruption leads to data integrity issues or financial loss	The whole of SPT - A&G, I&S, SD and CM	12A		Inability to respond to a significant event in the absence of a comprehensive business continuity plan for SPT.	Prolonged service disruption leading to financial loss, service's inability to meet its legal obligations and damage to reputation of the service.	PSLT	2	4	8	TREAT/TOLERATE 1) Initial draft Business Impact Assessment (BIA) and Business Continuity Plan (BCP) for SPT presented to the LPB in July 2024. Work on desktop testing of 3 scenarios is in progress. 2) Critical activities of MySurrey issues - worked on. 3) Reliance is placed on Heywood's BCP for Altair. 4) SCC's disaster recovery plan to support other critical activities at present. Internal controls should ensure safe custody and security of LGPS assets. 5) Staff to be aware of their roles and responsibilities in relation to BCP arrangements. 6) Maintain a central registry of key partners' BCPs including Northern Trust when developed.	Work on addressing the critical activities in MySurrey and SPF banking controls are yet to be determined. A desktop validation exercise of 3 scenarios has been considered by PSLT. Guidance on the actual testing of the 3 scenarios facilitated by the Emergency Management and Resilience Team is awaited. Training on BIA and BCP to the whole of SPT to be provided.	Mar-25
12(ii)	Cyber security breach leads to data integrity issues, financial loss, legal non-compliance and reputational damage	The whole of SPT - A&G, I&S, SD and CM	12B			Prolonged service disruption and damage to reputation.	PSLT	2	4	8	TREAT/TOLERATE 1) Ensure system and data security are in place. 2) Regularly engage with SCC's IT team to ensure security protocols are up to date due to reliance. 3) Ensure the SPF's memorandum of understanding and privacy notices are legally compliant. 4) Ensure staff are aware of their roles and responsibilities under Surrey's cyber security policy. 5) Ensuring members data is remotely, regularly and securely backed up. 6) Internal control mechanisms should ensure safe custody and security of LGPS assets. 7) Gain assurance from SPF's custodian, Northern Trust, for their cyber security compliance. 8) BCP regularly reviewed and monitored against cyber security arrangements for internal and external third party stakeholders, tested & communicated.	Work to compile a register of contracts with third parties and produce a contract management framework are progressing. This will include ensuring value for money and reviewing cyber security arrangements and business continuity plans of third party contracts.	Dec-24
		The whole of SPT - A&G, I&S, SD and CM	12C		Failure to implement proper cyber security policies.	Personal and financial (loss, fines) impact and damage to reputation.	PSLT	2	4	8	TREAT 1) Data encryption technology in place allows the secure sending of data to external service providers. 2) SCC IT data security policy adhered to. 3) SCC carries out Security Risk Assessments. 4) Custodian proactively and reactively identifies and responds to cyber threats.		

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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
Overall risk score													
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		3	4	12	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.	Project Team is in place to carry out all key works in this area. Additional resources will be procured and designated to the project team to clear any case work.	Aug-25
		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.		3	4	12	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.	Project Team is in place to carry out all key works in this area. Additional resources will be procured and designated to the project team to clear any case work.	Aug-25
		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		1	3	3	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		3	3	9	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		3	4	12	TREAT- 1) Publication of relevant documents on external website. FSS & ISS requirements are updated and reviewed at valuation. 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 External Audit review of annual report. <del>5) Pension Team reorganisation has provided additional resources in this area.</del>		
		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		2	3	6	<del>TOLERATE/TREAT</del> 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. Project plans to be drafted to manage impact of this.	Mar-25

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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		
Overall risk score											3	4	12		
14	Reputational issues due to inaccurate public domain information (external stakeholder relationships / comms) or inefficient service	A&G - <del>Comms</del> Governance	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.				
		A&G and Service Delivery	14B		Poor data processing, manipulation and transfer of information from external third parties.	Incorrect contributions or benefits		3	4	12	TREAT - 1) Improve metrics to better measure performance and monitor the pension administration service. 2) Employers on i-Connect for better control of data.				
Overall risk score											2	4	8		
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.		2	4	8	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.		2	4	8	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		2	4	8	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.				
Overall risk score											4	4	16		
46	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 backlog.	A&G - Funding	46A		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 backlog 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 user/capability of new system. 6) Communication with stakeholders with respect to potential issues.				

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<b>Overall risk score</b>								<b>4</b>	<b>4</b>	<b>16</b>			
16 (A-G)		A&G - Unit 4 Snagging List						4	4	16			
	Lengthy process to set up MySurrey Access for SPF staff.	A&G - Finance	16A		1) Pension Finance staff not given full access in Unit 4. All access levels must be requested via SCC for approval. E.g. setting up new staff or adding finance roles has to be requested via Helpdesk forms and SCC Finance. 2) Business Partner has to authorise before Pension Finance can use the system. In the interim, policy amended for SPF and Finance Manager to authorise instead of SCC.	1) Delays in required Pension staff being granted the correct access to MySurrey. 2) Poor communication and build up of backlogs which cannot be allocated to staff to help clear the backlog.	A&G	4	4	16	TREAT 1) Project to identify and amend access to MySurrey of all SPF staff and roles applied to ensure full and efficient functionality.	LGPS Finance added to Stabilisation Programme.	31 March 2025
	Inefficient Accounts Payable processes in Unit 4	A&G - Finance	16B		1) SPF invoices sent to Payments Team in SCC instead of SPF Finance. 2) Duplicate invoices are loaded in the Unit 4 system. Goods Receipt can only be completed by person raising the purchase order. The requisition does not have specific description. 3) High value purchase orders are not approved in SCC system since SPF invoices do not follow SCC's Procurement policy, i.e. 3 quotes/ contract of services etc. 4) Payments team rejecting approved SPF invoices. 5) Separate SPF invoice register maintained on Network and SharePoint, needs to be explored for Unit 4 Invoice Register.	1) Delay in SPF Finance receiving invoices. 2) Duplicate payments of invoices and rigidity of goods receipting requirement. 3) High value Pension invoices remain unpaid requiring revision to procurement policy. 4) Payments team rejecting approved invoices creates backlogs.	A&G	3	3	9	TREAT 1) Invoices need to be sent to Pension Finance to process and pay. 2) Run regular exception (duplicate) payment reports to identify and rectify the problem. 3) Develop a robust Procurement Policy for SPF as a matter of urgency to be approved by LPB and PFC. 4) Run regular exception (rejected) invoices to identify and rectify the problem. In the interim implemented a new process for 2024/25 by not raising purchase order at the start of financial year but instead on receipt of invoice only and this contravenes SCC policy. Maggs has informed SPF is exempt from SCC P2P. However, requisitions continue to experience rejections. Follow up urgently with Emma Pope.	SPF Unit 4 Stabilisation working group established 21/10/24 to improve BAU	31 December 2024
	SCC's Accounts Receivable processes in Unit 4 not suitable for SPF	A&G - Finance	16C		1) LG04 bulk invoice creation not working for SPF since Launch - corrected Jan 2024. 2) SPF do not have access to create invoices using LG04 but must email to SCC Accounts Receivable. 3) SPF unable to run Pension Aged Debtors as not created - corrected March 2024 but not all staff have access. 4) SPF Customers not set up separately in Unit 4 but added to SCC under 'General Debt'. 5) Legal & Actuarial costs Recharges to Employer incorrect product code therefore showing as 'Other Income' rather than reductions to Operating costs - Journal corrected at Year End 2023/24 and new Product Code created for 2024/25.	1) Inefficient and time consuming work. 2) Delay in raising invoices of monies due to SPF leading to build up of backlog. 3) SPF Cashflow and SPF valuation will be impacted. 4) Inaccurate financial statements for budget monitoring and debts become irrecoverable with passage of time.	A&G	3	3	9	TREAT 1) Pension Finance system access amended to allow start to end process to be done by SPF only. 2) Access amended for SPF Finance, training given by C Ford but require process notes.	SPF Customers set up under different group. Credit Control process notes updated allowing for direct SPF actions to aged debt. Write off process notes for SPF created and rolled out to team. SPF Unit 4 Stabilisation working group established 21/10/24 to improve BAU.	31 December 2024
	SPF's banking controls are not in place	A&G - Finance	16D		1) Cash received in SPF is not allocated in a timely manner. 2) Transactions relating to SCC coded to SPF is not corrected promptly and vice versa. 3) Regular reconciliation of SPF bank account is not undertaken. 4) EBS process not transferred from SCC to SPF. 5) SCC Banking transaction errors to be corrected as Ledger Bank balance not correct.	1) Inaccurate Control Account balance for HSBC / MMF Ledger codes. 2) Over and under statement of income and expenditure. 3) Unreconciled SPF bank account affecting all of the SPF operations in A&G, I&S, SD and CM.	A&G	4	4	16	TREAT 1) Reconciliation of SPF bank account needs to be completed. 2) Clean up intercompany transactions to produce accurate financial statements. 3) Progress the work on taking control of the SPF bank account. 4) Invest in resources as required to maintain SPF operations.	Banking Controls Project commenced to be completed by 31 March 2025. SPF Unit 4 Stabilisation working group established 21/10/24 to improve BAU.	31 March 2025

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	Reporting configuration in Unit 4 for SPF remains unresolved	A&G - Finance	16E		1) Resource intensive - 34 more reports are yet to be created, tested and published by DB&I team. 2) Check the report tracker on Sharepoint for updates. 3) Create your own reports - access removed by SCC and Data Security.	Accurate reporting is impaired and time consuming workarounds need to be put in place.	A&G	3	3	9	TREAT 1) Create own reports required for senior SPT Finance, request from Data Security. 2) Amend Global Reports to always include Value Date for Contributions. 3) Report balance errors escalated to SCC and Unit 4 experts to fix.	SPF Unit 4 Stabilisation working group established 21/10/24 to improve BAU.	31 March 2025
	Intercompany transactions	A&G - Finance	16F		1) Unit 4 system cannot block any Intercompany transactions being posted to the SCC and SPF Ledger. 2) This occurs when there is a mis-match between Account Codes and Cost Centres i.e. SPF Account Code but SCC Cost Centre.	Large Intercompany balances on both SCC and SPF affecting the Related Parties disclosure in the Financial Statements. Over / under reporting balances on Debtors and Creditors.	A&G	4	4	16	TREAT 1) Escalate to SCC Stabilisation Programme Managers for potential rectification options. 2) Consult Unit 4 Experts & IT&D for potential rectification options. 3) Monitored regularly and corrected by Senior Finance staff.	LGPS Finance added to Stabilisation Programme	31 March 2025
	Chart of Accounts - additional / amended Categorisation	A&G - Finance	16G		1) New Chart of Accounts created by SCC not sufficient for SPF Reporting. 2) Account Codes require a CAT5 (old SAP G/L Code).	1) Inefficient and time consuming work. 2) Manual manipulation of data to correct categorisation required for complete and accurate reporting. 3) Delays to reporting outturn.	A&G	3	3	9	TREAT 1) Escalate to SCC Stabilisation Programme Managers for potential rectification options. 2) Working group with Data Gatekeeper to amend CoA and data rules in Unit 4.	LGPS Finance added to Stabilisation Programme. SPF Unit 4 Stabilisation working group established 21/10/24 to improve BAU.	31 March 2025

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16(H-J)		SD - Unit 4 issues											
	Unit 4 is unable to provide the required information on SCC Payroll which is provided using monthly returns via i-Connect files.	SD Annex to LPB on 24 July 2024	16H		Unit 4 payroll has been unable to produce the required information since 'go-live' in June 2023 and transfer via i-connect files. This information from 1 June 2023 to 31 March 2024 was provided to SPT on 5 June 2024. Similarly, the monthly i-connect files from April to Sept 2024 have not been received. This has a knock-on effect on the workflow of teams within SPT. In addition, - SCC is unable to complete an Employer Contribution Form, that all other Scheme Employers are required to do and - Lack of Contribution Form means SPF cannot verify and check the correct Actuarial Rate has been applied on SCC Payroll.	1) Monthly contributions of SCC members in SPF could not be processed by teams within SPT (A&G and SD Teams) and SCC is the largest employer in SPF. 2) Delay in updating member records in Altair to produce Annual Benefit Statements by 31 August of each year. 3) Delay in any queries/discrepancies arising from monthly returns could not be investigated in a timely manner. 4) Delay in all starters with SCC if eligible to join LGPS could not be given a starter pack and joined in SPF's LGPS. 5) Delay in completing transfers-in for joiners to SPF and transfers-out for leavers to other funds. 6) Statutory reports (IAS19 and FRS 102 reports) could not be produced for SCC, Surrey Maintained schools and FE colleges by the required deadline leading to damage to reputation. Alternative methods were used to produce these reports resulting duplication of work. 7) Likely to cause a backlog of work.	A&G and SD	3	4	12	TREAT 1) Head of Service Delivery to join SCC Unit 4 Stabilisation Programme Governance Board, ensuring SPT priorities and escalations are recognised. 2) SPT Officers to join Development Team working on extracts from Unit 4 as SMEs to ensure report outputs meet requirements and carry out testing for long term solution. 3) SPT to carry out SCC Employer Duties on an interim basis to build and implement robust processes that can be transferred back to SCC Payroll. 4) In addition to this, the newly formed Pension Payroll Team will provide Benefit Teams with answers to any urgent queries to support cases being processed on time. 5) Once the extracts have been successfully built and can be run as part of BAU, reports will be run retrospectively back to April 2024 (initially), along with further analysis to fully understand the number of cases that will require processing. 6) Include data within iConnect extract that will support the completion of the contribution form and allocation can be more accurately achieved.	Extract has been approved and moved to live. Some minor developments required still but are dependent on other config changes - will form part of future U4 works  Work to be carried out in Oct / Nov to determine the size of the backlog issue for SCC  Risk has been slightly reduced due to above points although impact on backlogs still unknown so remains high  Point 6 will have a later completion date - aiming for November	31 October 2024
	Delay in receiving leaver notification.	SD Annex to LPB on 24 July 2024	16I		The leaver reports do not show the reason for leaving for all cases. A working group continues to seek solutions to the issues with a longer-term in view in mind. Currently information is being provided on a case by case basis.	1) Difficulty in determining whether pension benefits are payable to the leaver member and if so the amount payable. This will vary depending on the status of the leaver member - whether it is normal retirement, ill-health retirement, redundancy, transfer to another LGPS Fund, transfer to a non-LGPS Fund or a deferred member. 2) Delay in updating member records in Altair leading build up of backlogs. 3) Delay in paying member benefits - retirement pension, lump sum, ill-health pension, redundancy money etc. leading to unnecessary hardship to leavers. 4) Member dissatisfaction and increase in complaints creating more work. If complaints are unattended to, in a timely manner, it will lead to escalation to senior management and / or the Ombudsman. 5) Delay in completing transfers-out for leavers to other LGPS and non-LGPS funds. 6) Penalties and fines imposed to SPF leading to financial and reputational damage. 7) Likely to cause a backlog of work.	A&G and SD	3	4	12	TREAT 1) Head of Service Delivery to join SCC Unit 4 Stabilisation Programme Governance Board, ensuring SPT priorities and escalations are recognised. 2) SPT Officers to join Development Team working on extracts from Unit 4 as SMEs to ensure report outputs meet requirements and carry out testing for long term solution. 3) SPT to carry out SCC Employer Duties on an interim basis to build & implement robust processes that can be transferred back to SCC Payroll. 4) In addition to this, the newly formed Pension Payroll Team will provide Benefit Teams with answers to any urgent queries to support cases being processed on time. 5) Once the extracts have been successfully built and can be run as part of BAU, reports will be run retrospectively back to April 2024 (initially), along with further analysis to fully understand the number of cases that will require processing. 6) Where possible, any members benefits that can be calculated based on the data held in our database will be carried out and revisited later once correct data is provided.	Extract has been approved and moved to live. Some minor developments required still but are dependent on other config changes - will form part of future U4 works  Work to be carried out in Oct / Nov to determine the size of the backlog issue for SCC  Risk has been slightly reduced due to above points although impact on backlogs still unknown so remains high	31 October 2024
	Incorrect configuration of Unit 4 which does not comply with LGPS Regulations and SCC's Discretion Policy. As such data held in Unit 4 requires cleansing.	SD Annex to LPB on 24 July 2024	16J		1) Delay in re-configuration development and testing of MySurrey Payroll system to ensure full compliance with SCC's Discretion Policy and LGPS regulations leading to retrospective pension contributions adjustments not being made. 2) Data rectification is still required on certain members to ensure the accuracy of contribution information including AVC deductions supplied by SCC. Completion date of this work in full is not known. 3) Delay in paying member benefits due to lack of complete information. 4) Instead latest data is used where possible with recalculation when full information becomes available. 5) Duplication of effort with possible penalties and fines imposed on SPF.	1) Changes expected from July 2024 payroll have moved to August payroll. 2) Full completion date for this work is unclear but resources to correct reports test configuration have been deployed. 3) Service Delivery follows the process of calculating benefits due to members based on latest data available with a view to recalculating when revised data is received. 4) Duplication of effort and inefficient use of resources leading to member dissatisfaction & increase in complaints. 5) Delay in completing transfers-out for leavers to other LGPS and non-LGPS funds. 6) Penalties and fines imposed to SPF leading to financial and reputational damage. 7) ABS production affected, with not all members receiving their statement.	A&G and SD	4	4	16	1) Head of Service Delivery to join SCC Unit 4 Stabilisation Programme Governance Board, ensuring SPT priorities and escalations are recognised. 2) SPT Officers to join Development Team working on Unit 4 Pension Config as SMEs to ensure the system meets LGPS regulations and carry out testing where required. 3) SPT to carry out SCC Employer Duties on an interim basis to build & implement robust processes that can be transferred back to SCC Payroll. 4) In addition to this, the newly formed Pension Payroll Team will provide Benefit Teams with answers to any urgent queries to support cases being processed on time. 5) Where possible, any members benefits that can be calculated based on the data held in our database will be carried out and revisited later once correct data is provided. 6) Where possible, issue ABS to members where they were excluded due to poor data.	Employee Configuration has been deployed in October 2024 Payroll.  Employer Configuration changes expected December 2024.	31 December 2024

**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

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## Financial System Update

The new financial system for Surrey County Council was implemented in early June 2023. There has been significant disruption to the Surrey Pension Fund within our Accounts, Employer and Service Delivery teams since implementation.

Officers from the Surrey Pension Team (SPT) have been involved since the launch of the new system to ensure the system meets the need of the Fund however, the level of involvement significantly increased from March 2024 when the issues began to have a growing impact on key works.

From July 2024 a MySurrey Stabilisation Program was formed to understand where the Unit 4 system was having large scale impact on operational areas of Surrey County Council and related services, such as pensions.

From September 2024 this program was formally created with the introduction of an Executive Governance Board, Operational Program Board and sub working groups focussing on the day-to-day development, of which SPT is represented on both the operational and sub-working groups.

The program has set out to bring the MySurrey system up to a viable product level, allowing it to function as expected and meet service requirements. In order to address the issues 3 key work streams were identified:

- Workstream 1 – Pensions Project
- Workstream 2 – Forms Project
- Workstream 3 – Statutory Reports Project

SPT's involvement will predominantly fall within workstream 1, with some cross over into work stream 3, and the program has been fully resourced by SCC to undertake this work, with a view to delivering agreed priority areas by 31 March 2025.

Recent developments within the program have seen varying levels of improvements, although many risks highlighted in the risk register remain and are being monitored. Below is a summary of the key works and their progress.

<b>1</b>	<b>Delayed processing remains a risk</b>	<p>There continue to be delayed processing risks across all areas of Pension Finance; Accounts Payable, Accounts Receivable, Banking &amp; Income and General Ledger Reporting where there remain inefficiencies in the processes and system design by DB&amp;I for Pensions.</p> <p>As part of the Stabilisation Programme, Pensions Finance met with MySurrey Business Analysts and Senior Programme Managers and where issues to BAU activities have been identified separate Working Groups have been established.</p> <p>The focus is on process improvements and system changes to key BAU activities for Pension Finance. Inefficiencies include System Access not applied correctly, inability to run key reports, SCC policies, of which SPF are exempt, being applied to Accounts Payable and Receivable in error. The deadline for process improvement is 31 March 2025.</p>
<b>2</b>	<b>Risk register impact risk score remains unchanged</b>	<p>A risk noted in the risk register is that implementation of the new financial system 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>
<b>3</b>	<b>Several configuration and data population issues</b>	<p>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 became familiar with the new system.</p>
<b>4</b>	<b>Many elements have been addressed...</b>	<p>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.</p>

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**5 ...but issues remain**

The new Chart of Accounts for SPF requires amendments to prevent the need for manual manipulation of data to complete Management and Statutory Reporting. A Working Group has been established with SCC Corporate Finance to address these issues and create new rules and codes to the General Ledger for SPF, deadline for completion is 31 December 2024.

The Unit 4 system allows Intercompany transactions on the General Ledger between SCC and SPF. IT&D, Stabilisation Programme Manager and Accounting & Governance to explore permanent solution options and Working Group to explore and implement mitigating measures to prevent Intercompany transactions. This is a significant risk area.

System and user access remains an issue, including inability to run and view certain reports and enquiries. SPF do not own their data, but SCC, leading to multiple Data Security and Governance issues.

Payroll related pension issues have been ongoing for some time.

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.

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**6 We have some ongoing financial issues**

Banking system interface that was undertaken by SCC Banking Team has transitioned to SPF Finance Team from 1 November 2024. However, the correct system access is still required to enable Officers to complete Bank Reconciliations.

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**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 submitted on the 5 June, providing the necessary member data between June 2023 and March 2024.

After receiving this data SPT carried out a number of quality assurance checks to support the associated work at year end. This allowed for the production of 85% of the annual benefit statements for members employed with SCC, leaving approximately 1500 members without a statement.

Whilst work continues to support the corrections required for these records, the focus turned to ensuring the requirements of the monthly report accurately reflected member data. It was recognised there were still anomalies with the data in various areas, which would impact the provision of the monthly file moving forward.

There has been much work carried out to develop this however, it has faced many delays, with no monthly file submitted since March 2024. This has put SPT in a similar position to last year in that we have not received information for any starters to the scheme since April and, there will be other areas impacted such as the processing of refunds, deferred and transfers.

The development of the iConnect extract has now been signed off and moved into the live environment, with work underway within SD to retrospectively run these reports and carry out quality assurance checks. This will allow SPT to understand the true number of cases that will have formed a backlog for members employed by SCC.

It's expected the true nature of this will be fully understood by the end of the year and resources will be put in place to carry out the case work, with a view to having this complete by 31 March 2025.

**Leaver Notifications:**

Work has continued in a similar time frame to the iConnect work for the development of the leaver extract. This report is vital to providing final pay information to process member benefits and has also faced a number of delays in being ready for use.

Whilst this report has been provided each month (albeit not always on time) it has been impacted by various configuration issues within Unit 4 that has prevented

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key information such as pay, reason for leaving and the date of leaving be supplied. In order to focus on key cases such as retirements and deaths, manual work has been required by Officers within SCC to obtain this data, causing additional work for SPT and slowing down the processing of member benefits.

The leaver extract has now been signed off for use in live and will form part of the work to understand the backlog of SCC cases. This report will be run retrospectively in conjunction with the iConnect report, and both these files along with reports from Altair will help determine a plan to process the necessary cases.

It is worth recognising that there are still some areas of the configuration that impact the data populated in this extract, as it does for the iConnect report, but the number of affected cases has significantly reduced and should not deter from being used at this stage.

#### **Configuration & Data Cleansing:**

MySurrey payroll system has been undergoing a number of re-configurations, developments and testing over the last 6 months.

After several delays, the configuration to calculate employee contributions accurately has been successfully moved into the live environment, eliminating one of the key issues surrounding employee job changes that are a continuation of their employment, not a new role.

The significance of this change is that it will not only ensure member contribution deductions are correct, but it will also support the accuracy of data supplied for both the iConnect and leaver extracts.

There is still further development required to ensure the employer contributions are accurately deducted and reflected in the reports, which is expected to be ready in the live system by December 2024 payroll.

Data rectification is still required on certain members to ensure correct contributions have been deducted and paid. There are known issues where employees of SCC were unknowingly taken out of the scheme and made no contributions during this period when they should have, although have not yet had their records corrected. This applies to AVC deductions as well.

SCC have begun to review this and seek to understand how these records can be identified, before remedial action is taken. At present it is not clear when this work

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will be fully completed, although SCC are aware that rectifying this prior to the 31 March 2024 would place them in the best position for the valuation.

To support members who are 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 recalculating once the revised data is received.

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# SURREY LOCAL PENSION BOARD REPORT



**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: THE PENSIONS REGULATOR GENERAL CODE OF PRACTICE**

## **SUMMARY OF ISSUE:**

This report provides the Local Pension Board (the Board) with an update on the status of compliance with The Pensions Regulator's (tPR) General Code of Practice.

## **RECOMMENDATIONS:**

It is recommended that the Local Pension Board:

1. Note the update on compliance with TPR's General Code of Practice and actions identified.
2. Make any recommendations to the Pension Fund Committee if required.

## **REASON FOR RECOMMENDATIONS:**

1. This report provides details of the self-assessment which has been undertaken by officers with support and challenge from the Fund actuary, Hymans Roberston. The Board is asked to review and comment on this report.

## **DETAILS:**

2. As previously reported on 16 February 2024 and as anticipated, the regulator's General Code of Practice (the Code) brings together the original 10 codes of practice, including Code of Practice 14 (Governance and Administration of Public Service Pension Schemes) as was applicable to the Local Government Pension Scheme (LGPS), into a single modular code that applies to all UK pension schemes.
3. The Code has five overarching principles covering the governing body; funding and investment; administration; communications and disclosure; and reporting to TPR, each of which is divided up into a total of 51 modules. It should be noted that not all aspects of the Code apply to the LGPS, however some features are considered good practice.
4. The Fund's actuary (Hymans Robertson) has provided a "checker tool" against which officers have assessed the existing level of compliance to the

Code and the report at Annexe 1 provides a position statement & self-assessment results.

5. Alongside the five main areas containing 51 modules, the Code also prioritises each area as: regulatory requirement, TPR expectations, and best practice. The approach taken for this initial assessment has been to work through the Code chapter by chapter prioritising the regulatory requirements. As such, 11 of the 14 chapters (applicable to the LGPS), have been self-assessed and ranked accordingly as fully, partially or not compliant.
6. The three chapters yet to be completed are: IT & Cyber: this has been partially assessed but requires input from the Surrey County Council's IT service; Funding & Investment and Advisors and Service Providers, both of which contain best practice requirements only and therefore have been considered lower priority at this stage.
7. The results of the self-assessment indicate that (of the 11 chapters reviewed) for 5 there is full compliance and partial compliance in the other 6, where most follow up action is required in the modules of Administration (scheme administration) and The Governing Body (risk management).
8. The graphs in the Assessment Summary section of Annexe1 indicate strong compliance against the regulatory requirements and reasonable compliance against TPR expectations.
9. Section 4 of Annexe 1 details the next steps which will include: complete the assessment of the remaining three chapters and identifying the steps required to turn partially compliant areas to fully compliant. It is also worth considering whether, once the self-assessment has been completed in full, to undertake an independent review of the Fund's compliance against the Code.

#### **CONSULTATION:**

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

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

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

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

12. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).



### **LEGAL IMPLICATIONS – MONITORING OFFICER:**

13. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY:**

14. There are no equality or diversity issues.

### **OTHER IMPLICATIONS:**

15. There are no other implications.

### **NEXT STEPS:**

16. The following next steps are planned:

- a) Complete the assessment of the remaining three chapters and identifying the steps required to turn partially compliant areas to fully compliant.
- b) Further updates on progress towards full compliance will be reported to the Board at its next meeting on 21 February 2025.

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### **Contact Officer:**

Colette Hollands, Head of Accounting and Governance

### **Annexes:**

1. GCOP – Position Statement and Assessment Summary – Annexe 1

### **Sources/Background papers:**

1. The Pensions Regulator – [General Code of Practice](#)

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# General Code of Practice – Position Statement and Assessment Summary

## Surrey Pension Fund

Position statement & self-assessment results

October 2024

For and on behalf of Hymans Robertson LLP

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# Position Statement

## 1. Background

In March 2024, The Pensions Regulator combined various codes of practice for the pension industry into a single General Code of Practice (“the Code”) which is applicable to most public and private occupational pension schemes in the UK, including the LGPS.

There are elements of the code which do not apply to the LGPS and not all requirements carry the same weight. Administering Authorities of LGPS funds are expected to comply with the sections relevant to them.

There are over 130 Requirements<sup>1</sup> identified for LGPS Funds. When the Code was launched, the Regulator set an expectation that the pension industry would complete an assessment of compliance within the first 6 months, as well as a plan to rectify any areas of the Code which are not currently being complied with. Crucially, as part of a LGPS fund assessment, the Regulator would also expect to see evidence of the compliance against the Code requirements, with an action plan to address areas not yet complying with the requirements or an explanation/answer why that is the position.

## 2. Approach

The Fund has procured a checking tool from Hymans Robertson to aid the completion of its self-assessment against the Code. This tool sets out the requirements from the Code which apply to LGPS Funds. Identification of the requirements is a significant task, and the purchase of this tool has saved fund officers time in determining which areas must be complied with.

The Code is split into 5 main areas:

- The Governing Body
- Funding & Investments
- Administration
- Communications and Disclosure
- Reporting to TPR

These 5 areas are then subdivided into chapters. Each chapter then contains several modules.

The requirements within the Code checker tool, have also been categorised by importance. All requirements fall into one of the following categories, rated from highest to lowest priority:

- Regulatory requirements
- TPR Expectations
- Best Practice

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<sup>1</sup> As identified by Hymans Robertson Actuarial Public Governance, Administration and Project team.

The Fund officers have taken the approach of tackling the assessment of the Code:

- chapter by chapter; and
- prioritising the Regulatory requirements.

Assessment against the requirements of the Code will be an ongoing piece of work. It is anticipated that a review will be carried out at 6-month intervals to assess progress of the previous actions, re-assess any requirements where the level of compliance might have changed, and to ensure continued compliance.

### 3. Progress

#### Completed chapters

Officers have prioritised specific chapters in the Code. These chapters either contained the most regulatory requirements, or had a high number of requirements overall.

To date, the assessment has been undertaken for **11 of the 14 chapters**<sup>2</sup> which have requirements for LGPS Funds. This assessment is a consideration of each requirement detailed by the Regulator, and then a self-assessment of either:

- full compliance;
- partial compliance; or
- non-compliance.

This assessment also includes relevant documentary evidence. Evidence has been recorded and can be referred to in any future assessment. This also ensures that the compliance rating can be demonstrated if challenged or audited.

As part of this initial Code assessment, there have been actions collated which are to be undertaken ahead of the next review.

Each requirement also has an individual or a group assigned as the owner of that requirement.

#### Chapters yet to be assessed

The 3 chapters which have not yet been assessed are relatively small in comparison with the others. As such, the bulk of the assessment has been completed, and the assessment of these chapters will be completed over the coming weeks.

Further details on the chapters which have yet to be assessed is detailed below:

1. **IT & Cyber** - The chapter on IT & Cyber has been partially assessed. There are only 4 requirements in this chapter, but the assessment requires liaison with the Council's IT service team which is to be arranged.
2. **Funding and Investment** - The Funding and Investment Chapter was considered a lower priority as it contains best practice requirements only. Most other Code chapter contains either Regulatory or TPR expectations. As such, this was deemed to be a lower priority than the others.

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<sup>2</sup> Hymans Robertson checker tool and assessment identified 14 of 15 Code chapters were applicable to LGPS funds.

- 3. Advisors and service providers** - The Advisors and Service Providers chapter is another that contains only best practice requirements, and again was considered lower priority.

### **Support received**

On 14 October the Fund officers held a working session with the support of Michael Burton – a Governance Consultant from Hymans Robertson. The purpose of the session was to review the source evidence collated to back up the assessment completed to that point, and to identify further sources of evidence which would be useful in completing the remaining sections, which had not been assessed at this point.

This allowed further work to be undertaken and means that 11 of the 14 relevant chapters have been fully assessed as of 18 October.

## **4. Next steps**

A summary of the next steps required to complete and maintain a complete assessment against the Code are set out below.

### **Completion of assessment**

The immediate priority is to complete the initial assessment for the remaining 3 chapters. There is a plan in place for this, and this assessment is expected to be done by the end of December 2024.

There may also be an overall review of the assessment and updates to certain requirements where any action has been taken or development has been made.

Upon completion, a report will be generated which summarises the actions still to be completed. Each of these actions will have an owner assigned. There will also be a timescale attached to each for completion. This will allow the Fund to develop a specific action plan with achievable outputs, within the required timescales.

### **Independent assessment from consultant**

Once the assessment has been completed, the officers may opt to have an independent review undertaken. This would involve specialists looking at the compliance assessment which has been made, along with the supporting material recorded as evidence. An independent assessment could then be made whether the evidence recorded appears to justify the compliance rating, and crucially outlining any other potential sources of evidence which could be used to either support or increase the compliance rating.

This independent challenge and assessment could be an important tool to show internal auditors that a robust assessment has been made, and would also be evidence to present to the Regulator, should they decide to assess the Fund's compliance with the Code.

### **Reporting of full picture**

This paper contains a report of the progress to date on the assessment and a summary of the self-assessment as of 18 October 2024. Once the remainder of the assessment has been completed, a subsequent report will be prepared and presented to the Committee and Board which summarises the overall position. The Fund's officers intend to have this in place for the first Committee meeting in 2025.

### **Continued review**

The Fund will continue to assess and review the compliance with each of the requirements set out in the code. This will be done on an annual basis, with a report prepared for the Committee following each review.

It is expected that these follow up reviews will take less time and resource compared with this initial review. For most of the requirements it will be a validation of the evidence supporting the compliance rating and checking on whether the actions noted previously have been completed and assessing whether this changes the compliance rating which has been assigned.



# Assessment Summary

## Introduction

In March 2024 The Pensions Regulator combined various codes of practice into a single General Code of Practice which is applicable to most public and private occupational pension schemes, including the LGPS.

The Code refers to, and places significant responsibility on, the "governing body" of a pension scheme. In the words of The Regulator, the governing body is "in a public service pension scheme, the scheme manager".

Furthermore "Each public service pension scheme should determine who fulfils the role of scheme manager according to their regulations and local arrangements." It is our understanding that for the LGPS this refers to the administering authority or any other body or individual carrying out a delegated function on behalf of the administering authority. For most, but not all, LGPS funds this will be a pension committee or sub-committee. A local pension board is not a governing body.

## Purpose

The purpose of this report is to summarise the Fund's officers view of compliance with the Code. There are a number of criteria which Funds must comply with in order to satisfy the requirements of the various sections of the Code. This report records the findings from the assessment by Fund officers across all relevant subject areas.

Conducting an assessment against the requirements allows the Fund to create an action plan, targeting the areas considered most risky. It will also help uncover requirements which are partially met within the Code, but where some further action is required to fully meet requirements.

## Results

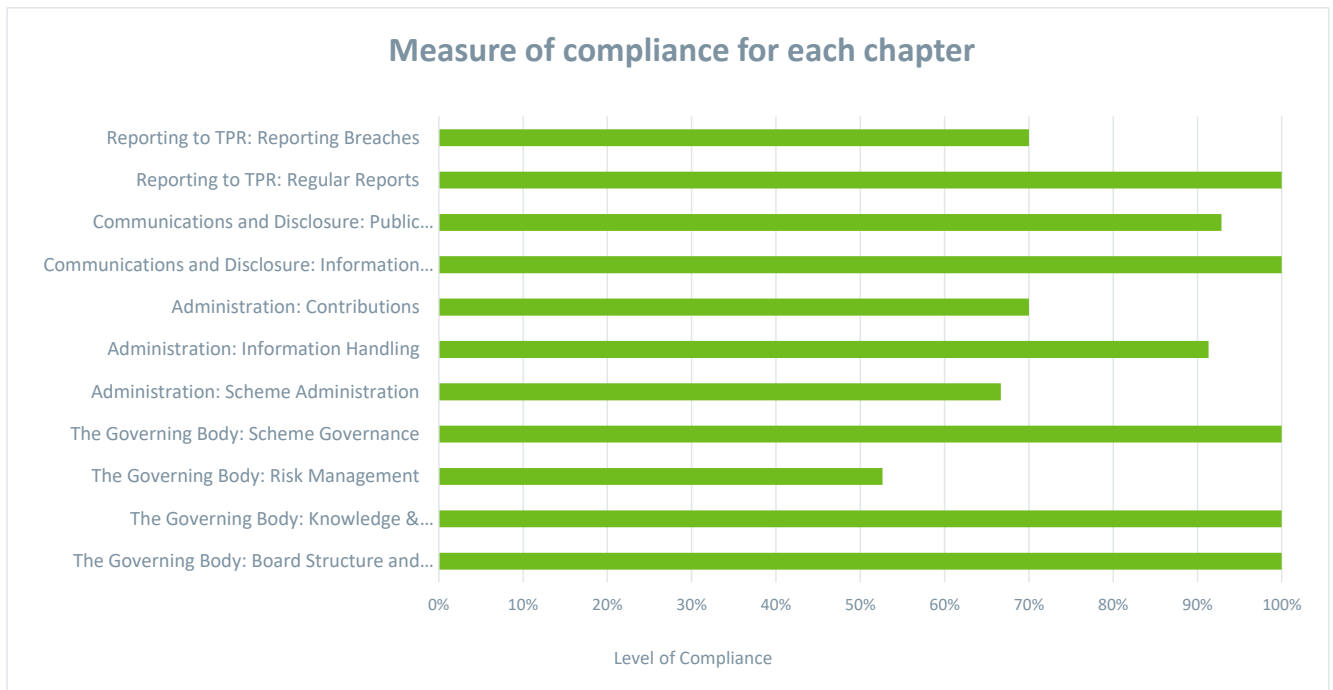
Officers have conducted an initial assessment of the Fund's current compliance against the Code. For this assessment the Code has been broken down into 15 distinct sub-sets which are referred to as chapters. Note, there are no requirements for LGPS funds in the "Value for Scheme Members" chapter.

Within each of these chapters, there are a number of different modules each with their own set of requirements. Each requirement has been assessed and a corresponding risk rating applied. These requirements fall into one of three categories -

- **Regulatory Requirement;**
- **TPR Expectation;** and
- **Best Practice**

To date, the Officers have assessed 11 of these chapters. The remaining 3 chapters will be assessed and reported in due course.

The chart below summarises the Fund's assessment of current risk rating for each chapter which has been assessed. A score of 100% for a particular chapter indicates that all requirements are fully met. A score of 50% would indicate that half of the requirements in that chapter fully meet requirements within the Code.



### Commentary on results

It can be seen from the Chart above that there are 5 areas of the Code where the requirements are fully met. It is important that these areas are monitored to ensure the requirements continue to be fully met.

This means that there are 6 chapters where the requirements of the Code are not fully met. The 2 areas with the most actions required are:

- Administration: Scheme Administration
- The Governing Body: Risk Management

### Further Analysis

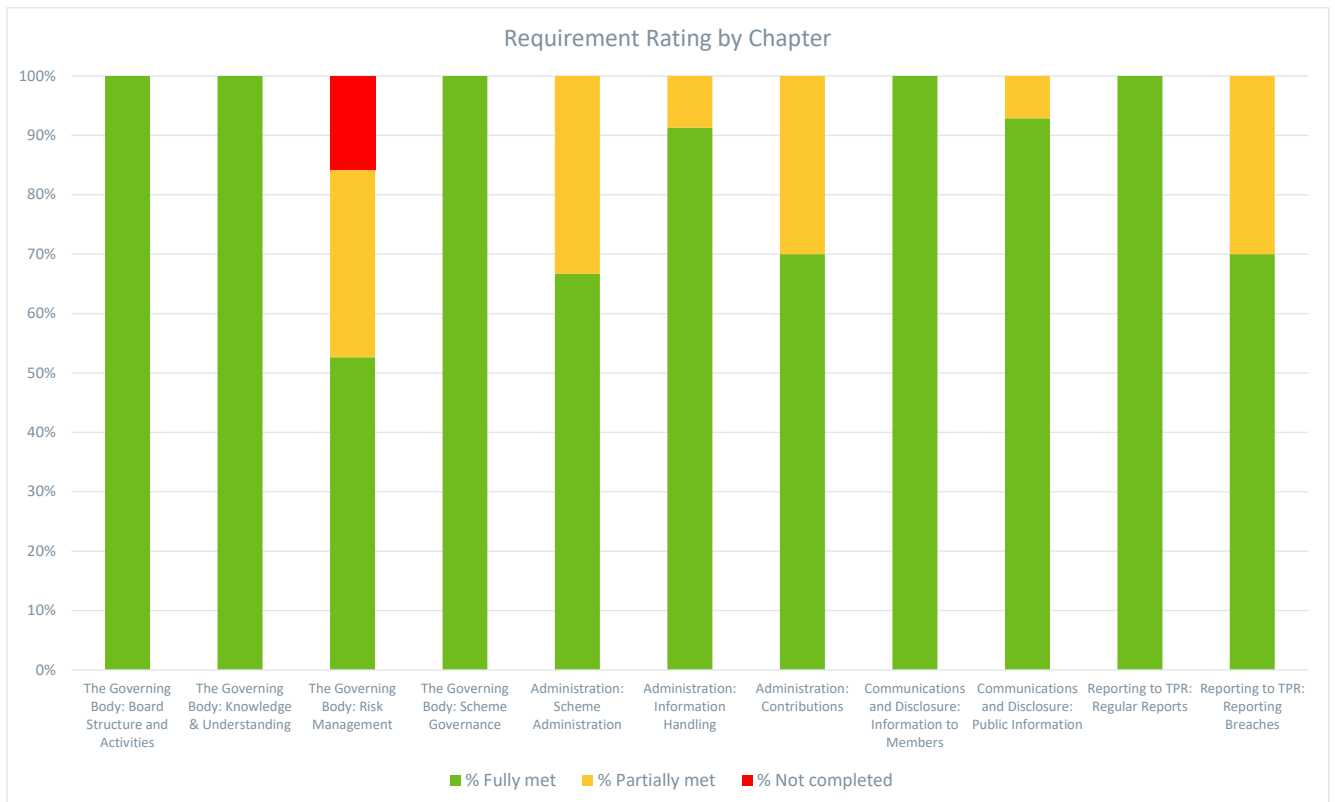
Within each topic the administering authority has assessed a number of strands – noting the following:

- Risk rating for each requirement – fully met, partially met or not completed
- The evidence taken into account when assessing compliance
- The owner of that particular strand
- The steps which need to be taken to ensure compliance or continued compliance
- The suggested immediate actions

The Appendix contains the detail of the current ratings for each of the chapters, as well as the actions required.

It is also beneficial to understand the level of risk. This removes the binary nature of compliance and builds in allowance for the fact that there may be a number of requirements which are partially met. Understanding this in more detail provides a more detailed overview.

The following chart shows the aggregate position of each chapter, when the individual requirements are assessed as either "Fully met", "Partially met" or "Not completed".



When looking at the results in this way, it is more encouraging as there are 6 chapters of the Code with requirements which are already partially completed and as such, actions could be fully completed relatively easily. The steps required to complete the actions, as proposed by the Fund's officers, are set out in the appendix.

### Breakdown of results

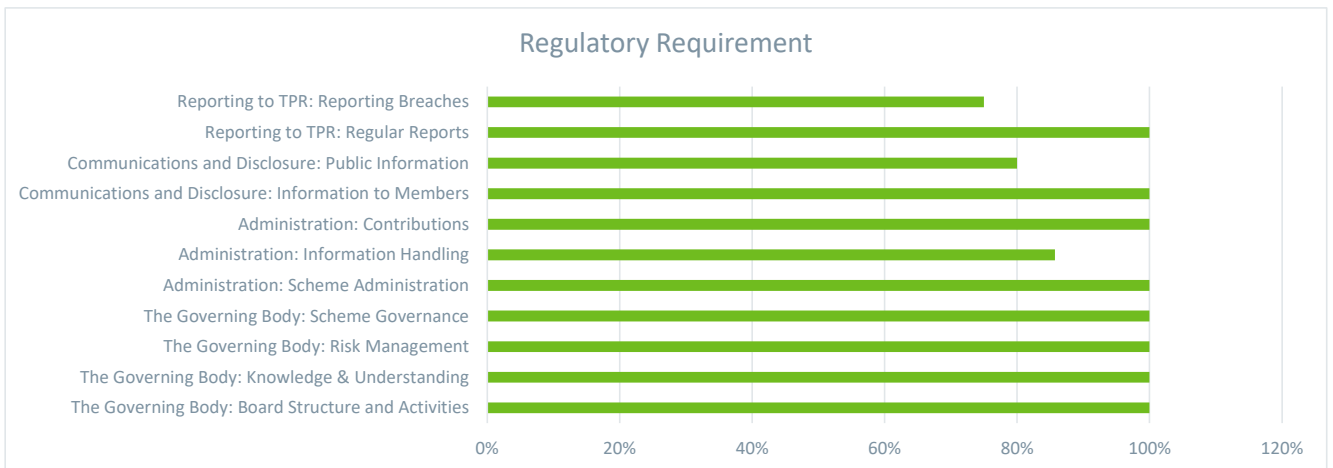
Simply looking at the overall ratings across a full chapter of the Code may not provide the level of detail needed. The requirements from the Code can be split into the following categories:

- Regulatory Requirement - these align with Legislation or Regulations which LGPS Funds must follow.
- TPR Expectation - These align with what the Regulator would expect to see from LGPS Funds.
- Best Practice - These are examples of what the Regulator believes should be in place for well governed Funds.

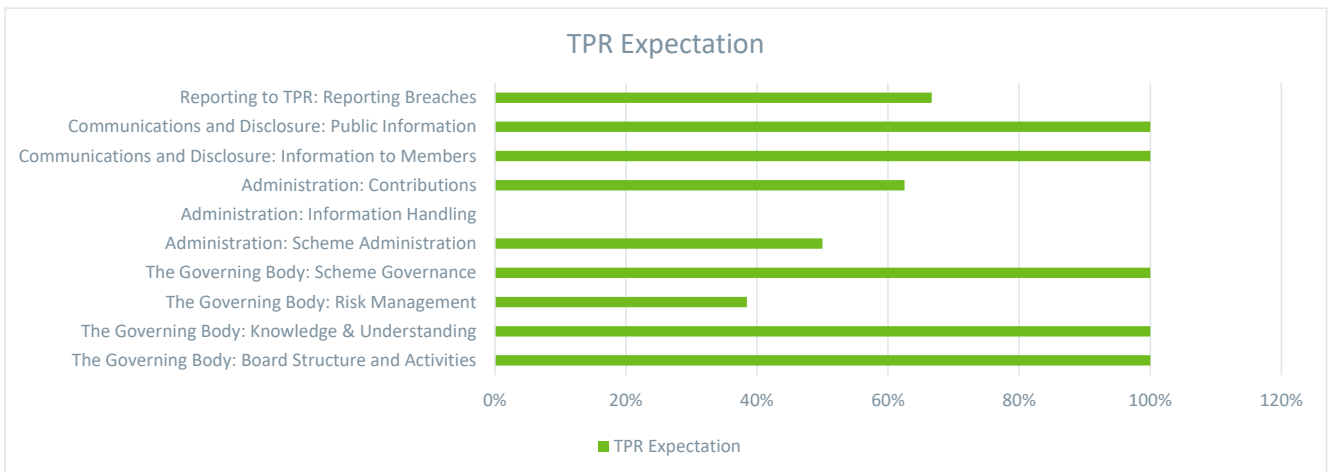
Having an understanding of the current ratings in the parts of the Code where there is a Regulatory requirement can help prioritise the required actions and the focus of efforts in the short term.

The charts below provide a summary of the results in these categories. Please note that each chart only contains the chapters which have requirements in the relevant category. To confirm some chapters from the Code will be missing from the charts below as they won't have requirements. The 3 chapters which have not yet been assessed are also omitted.

The chart below summarises the **Regulatory requirements** which have been assessed to be fully met.



The chart below summarises **TPR's expectations** which have been assessed to be fully met.



The chart below summarises the best practice requirements, which have been assessed to be fully met.



### Next Steps

This report summarises the findings of the most recent assessment against the Code. Preparation is the first step in ensuring the Fund is compliant with the requirements of the Code. The Administering Authority should ensure that any changes, updates or additions to the Code are reflected in the Fund's compliance checks in future.

Having assessed the Fund's current position against the Code, and prepared this report, a suggested list of actions is:

- Complete the assessment for the remaining 3 chapters which have not yet been assessed
- Circulation of this report and appendix to relevant stakeholders
- Identify steps required to turn partially compliant requirements into fully compliant, assigning owners to each action
- Identify the steps required to make non-compliant requirements fully compliant, again assigning owners to each action
- Create a plan based on steps 3 and 4 above, with key milestones and timescales allocated to each step
- Decide on any actions to ensure compliant strands remain compliant
- Decide on the frequency of review of the plan, and update timescales as required
- Agree when the next full compliance review will take place

A note of the risk rating for each chapter, as well as the required actions and who has responsibility for those actions, is contained within the appendix.

### Reliances and Limitations

This report has been produced by Fund officers of the Surrey Pension Fund, to help them self-assess the Fund's levels of compliance with the Pension Regulator's General Code of Practice.

This report does not provide legal or regulatory advice, but is designed to provide Fund officers with a tool to self-assess its compliance with The Pensions Regulators General Code of Practice as at March 2024. You should speak to your usual Hymans contact before continuing to use this checker following a legislative update. This report does not consider changes to the Code or LGPS Regulations after March 2024. This report does not cover all statutory obligations and good practice recommendations to which LGPS funds are subject and the fund officers remain responsible for ensuring the Fund's compliance with relevant law and regulation. This report does not attempt to replicate the advice or roles of scheme actuaries, lawyers, investment advisers nor administrators and we recommend that you seek advice from those advisers where relevant or where an officer has a concern about the position of the Fund.

This report should not be shared with anyone outside of the Surrey Pension Fund. However, it can be shared with the Pension Committee and Pension Board.

Please contact Hymans Robertson if you wish to share the output report with any other external third parties. We make no representation to any third party as to the accuracy or completeness of the output report. No reliance should be placed on this checker or output reports or appendices by any third party and we accept no responsibility or liability to any third party in respect of it.

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This report has been prepared by Hymans Robertson on behalf of the Officers of the Surrey Pension Fund.

22 October 2024

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**Appendix - Scorecard summary**  
Surrey Pension Fund

The following gives an overview of the current compliance position against the General Code of Practice, and a note of the immediate actions

The Governing Body: Board Structure and Activities			
Requirements	Current rating	Actions	Responsibility
The governance of a public service pension scheme will need to take into account the differing responsibilities of the scheme manager, pension board and, where appropriate, pension committee.	Fully met		Head of Fund
The pension board must have an equal number of employer and member representatives	Fully met	Current vacancy for Union Representative - March 2024 changing the Terms of Reference.	Head of Fund
Legislation dictates how the governing body of a PSPS is made up and pension board members must not have a conflict of interest and must evidence such if required by the scheme manager	Fully met		Head of Fund
Members of governing bodies to display the characteristics shown in Appendix 1.	Fully met		Head of Fund
To have a process in place for appointing pension board members	Fully met		Head of Fund
Schemes will have governing bodies where appointments are made in accordance with scheme-specific legislation. The governing body, or pension board, should seek to inform those making the appointment of the expectations and any legislative requirements placed on members of the governing body.	Fully met		Head of Fund
Expectations of a chair in particular the skills and behaviours which are expected to be shown are set out (see Appendix 2 for more detail)	Fully met		Fund Officers
Scheme managers of PSPS are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and with the requirements of the law. This applies to the running of meetings and making decisions.	Fully met		Head of Fund
Meeting arrangements and decision making should comply with the requirements of The Local Government Act 1972 and Local Government and Housing Act 1989.	Fully met		Head of Legal
The pension board should maintain a record of the specified records which are shown in Appendix 3.	Fully met	Includes draft minutes of the previous meeting.	Head of Fund

The Governing Body: Knowledge & Understanding			
Requirements	Current rating	Actions	Responsibility
All governing bodies should maintain a list (in an accessible format) of items the members of the governing body should be familiar with	Fully met		Fund Officers
The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances	Fully met		Fund Officers
Pension board members must be conversant with - The rules of the scheme, and - Any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme. And have knowledge and understanding of— - The law relating to pensions, and - Such other matters as may be prescribed.	Fully met		Fund Officers
Scheme managers or their delegates should achieve at least basic competence in knowledge and skills.	Fully met		Fund Officers
Pension board members should have a working knowledge of the topics in Appendix 4	Fully met		Fund Officers
Demonstrate that, as a group, the pension board possess the skills, knowledge, and experience to run the scheme effectively	Fully met		Fund Officers
The pension board meet the requirements in Appendix 5	Fully met		Fund Officers
Members of the pension board should be aware that their responsibilities and duties begin from the date they take up their post	Fully met		Fund Officers
Governing bodies should provide the necessary training and support to it's members	Fully met		Fund Officers
Members of the pension board can work towards completing TPR public service toolkit or equivalent learning programmes	Fully met		Fund Officers
To enable the pension board to ensure their knowledge and understanding is established and maintained, members of a governing body should comply with the points laid out in Appendix 6	Fully met		Fund Officers



The Governing Body: Risk Management Requirements	Current rating	Actions	Responsibility
Scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law.	Fully met		Head of Fund
The governing body should identify risks, record them, and regularly review and evaluate them (see Appendix 11 for guidance on identifying, evaluating and recording risk)	Partially met	Further work is being undertaken to score the sub-risks within a main risk in the risk register so that the overall risk rating for each risk has a clear basis. Additionally a Risk Management Strategy is being developed in order to capture risks at the team level (lowest level) to build up to a service level risk register to enhance transparency, ownership and accountability while maintaining integrity. Once this	Head of Fund
The scheme manager should have in place internal controls, including: - The arrangements and procedures to be followed in the administration and management of the scheme. - The systems and arrangements for monitoring that administration and management, and - Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.	Fully met		Head of Fund
The governing body should design internal controls which ensure that the scheme is administered and managed in accordance with the requirements of the law and the scheme rules. The scheme's internal controls should also: - Include a clear separation of duties for those performing them, and processes for escalation and decision-making - Require the exercise of judgement, where appropriate, in assessing the risk profile of the scheme and in designing appropriate controls.	Partially met		Head of Fund
The governing body should make sure that their internal controls are documented.	Fully met		Fund Officers
A scheme's internal controls should be reviewed at least annually. However, the review of controls can be staggered if they address different areas of a scheme's operations or governance.	Fully met		Fund Officers
Reviews should also be carried out when: - Substantial changes to the scheme take place. These include changes to pension scheme personnel, service providers, scheme advisors, or administration and other IT systems; - A control is not working to the standard required by the law.	Partially met		Fund Officers
When designing internal controls governing bodies should consider TPR expectations (see Appendix 12 for more detail)	Partially met		
To maintain internal controls governing bodies should consider TPR expectations (see Appendix 13 for more detail)	Partially met		
The governing body may consider using assurance reports to assess whether the scheme or a service provider meets the relevant legislative requirements on internal controls.	Fully met	The external audit is currently being carried out by Ernst and Young for 2023/24 accounts.	
If selecting a suitable internal auditor, the governing body should consider: - The candidate's independence - Any actual or potential conflicts of interest (see Conflicts of Interest) - The candidate's knowledge of the subject	Not applicable		Fund Officers
The governing body should read and understand assurance reports provided by service providers to establish if the controls used by the organisations that they outsource various functions to are adequate. This will also include assurance reports produced by the scheme's investment manager and custodian.	Not completed		Fund Officers
Governing bodies should consider having a continuity plan that meets the requirements of Appendix 14	Partially met	Currently developing a BCP for the Surrey Pension Fund	Head of Accounting & Governance
When identifying and evaluating risks, governing bodies should consider conflicts of interest.	Fully met		Head of Accounting & Governance
Where management of conflicts of interest form part of the scheme manager's internal controls the following expectation apply; - Members of governing bodies should understand when potential and actual conflicts arise legal and professional requirements and legislation that apply to English local authorities should apply - The requirements in Appendix 15 are met.	Fully met		Head of Accounting & Governance
Where management of conflicts of interest does not form part of the scheme manager's internal controls the following expectation apply; - Members of governing bodies should understand when potential and actual conflicts arise - Legal and professional requirements and legislation that apply to English local authorities should apply - The requirements in Appendix 15 are met.	Not completed		
Governing bodies should have processes in place to ensure that their decision-making is not compromised by actual or potential conflicts	Not completed		
Governing bodies should consider seeking independent legal advice, to help decide whether an actual or potential conflict of interest can be eliminated (and if so, the best way of achieving it)	Fully met		Head of Fund
Regarding the pension board, scheme managers of public service pension schemes must: - Be satisfied that a prospective member of the pension board does not have a conflict of interest - Remain satisfied that none of the members of the pension board has a conflict of interest	Fully met		Head of Accounting & Governance
Regarding the pension board, scheme managers of public service pension schemes should: - Circulate the register of interests and the other relevant documents to the pension board for ongoing review - Publish these documents (for example, on a scheme's website)	Fully met		Head of Accounting & Governance

The Governing Body: Scheme Governance			
Requirements	Current rating	Actions	Responsibility
The scheme manager needs to have a system of governance and internal controls that; <ul style="list-style-type: none"> <li>- Provide the governing body with oversight of the day-to-day operations of the scheme</li> <li>- Include any delegated activities for which the governing body remains accountable</li> <li>- Provide the governing body with assurances that their scheme is operating correctly and in accordance with the law</li> </ul>	Fully met		Head of Fund
Scheme managers are required to establish and operate internal controls, which are adequate for securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. Internal controls means; <ul style="list-style-type: none"> <li>- Arrangements and procedures to be followed in the administration and management of the scheme,</li> <li>- Systems and arrangements for monitoring that administration and management, and</li> <li>- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme;</li> </ul>	Fully met		Head of Fund

Administration: Scheme Administration			
Requirements	Current rating	Actions	Responsibility
Every scheme must operate internal controls which should include administration.	Fully met		Head of Fund
With regard to planning and preparation governing bodies should comply with the requirements in Appendix 21.	Fully met		Head of Fund
To maintain proper administration, governing bodies should comply with the requirements set out in Appendix 22.	Partially met	Surrey Pension Team Business Contunity plan in development.	Head of Fund

Administration: Information Handling			
Requirements	Current rating	Actions	Responsibility
The governing body should maintain the following records; - Records of member and beneficiary information - Records of transactions - Records of pension board meetings and decisions (for further information see Appendix 23)	Partially met	Currently rolling out of Iconnect for all employers. Reconciliation to be completed between the ledger and Altair	Head of Fund
The scheme manager is required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and with the requirements of the law.  Governing bodies should make sure financial transactions are managed as part of their internal controls.	Fully met		Head of Fund
The management of financial transactions should be proportionate to the nature, complexity, and activity of the scheme. Governing bodies should comply with the requirements of Appendix 24.	Partially met	To document all process in MySurrey (Unit4)	Head of Fund
When deciding to grant statutory transfers, governing bodies must carry out appropriate checks to decide if one of the conditions for transfer are met.	Fully met		Head of Fund
Governing bodies should ensure that they have the necessary administrative procedures to deal with transfer requests, without undue delay and in line with scheme rules and the law.	Fully met		Head of Fund
Governing bodies should also maintain accurate and complete records of all requests received and the transfers that have been made.	Fully met		Head of Fund
The governing body must provide the statement of entitlement within approximately three months of receiving the request, unless this information has been provided in response to a request in the previous 12 months	Fully met		Head of Fund
Before paying a transfer s the governing body must check that the receiving scheme is; - Able to accept the transfer - Willing to accept the transfer - A scheme to which a transfer can be made under the relevant legislation	Fully met		Head of Fund
Where the governing body suspect the receiving scheme is an illegitimate arrangement, they should report it to Action Fraud.	Fully met		Head of Fund
Where the governing body believe they will not meet the legislative deadlines, they should make an application to TPR before the deadline	Fully met		Head of Fund
The governing bodies of DB schemes that receive a request to transfer or convert safeguarded benefits of £30,000 or more, must check the scheme member (or survivor) has received appropriate independent advice.	Fully met		Head of Fund
When checking written confirmation governing bodies should follow advised steps around record keeping and responding to suspected fraudulent activity  (See Appendix 25 for full details)	Fully met		Head of Fund
Governing bodies are required to complete transfers within six months. For DB benefits, this is measured from the guarantee date provided in the statement of entitlement.	Fully met		Head of Fund
Governing bodies should meet the record keeping requirements set out in Appendix 26	Fully met		Head of Fund
Governing bodies may consider the record keeping requirements set out in Appendix 27 as best practice [can we link to an appendix listing page 106 para 7]	Fully met		Head of Fund
When maintaining administrative systems governing bodies should comply with the measures laid out in Appendix 28	Fully met		Head of Fund
When maintaining administrative systems governing bodies may consider the measures laid out in Appendix 28 as best practice	Fully met		Head of Fund
Governing bodies should ensure that appropriate processes are in place: - To enable participating employers to provide timely and accurate data - To reconcile employer data and scheme data - For situations where an employer fails to meet their legal duties to the scheme	Fully met		Fund Officers
Governing bodies may consider educating employers to understand where member information must and should be shared to the scheme and/or another employer	Fully met		Fund Officers
Governing bodies should retain records for as long as they are needed	Fully met		Fund Officers
Governing bodies should have appropriate processes in place for monitoring scheme data (see Appendix 29 for full details)	Fully met		Fund Officers
Governing bodies should have appropriate processes in place for reviewing scheme data (see Appendix 30 for full details)	Fully met		Fund Officers
Governing bodies should have appropriate processes in place for protecting scheme data (see Appendix 31 for full details)	Fully met		Fund Officers

Administration: Contributions Requirements			
	Current rating	Actions	Responsibility
Employee Contributions must be paid to the scheme by day 19 of the following month, or day 22 if paid electronically.	Fully met		Head of Accounting & Governance
Employer contribution payments must be paid by the date specified in the scheme rules, regulations, or documentation.	Fully met		Head of Accounting & Governance
Governing bodies should develop a record to monitor contribution payments to the scheme (a contributions monitoring record).	Fully met		Head of Accounting & Governance
Governing bodies should have processes in place to check contributions due to the scheme and to reconcile them with what is actually paid to identify payment failures.	Fully met	request documentation to evidence. Risk, Finance, employer	
Governing bodies should develop and maintain records for monitoring contribution payments to the scheme. This should include: contribution rates, date contributions are due, interest on late payments. (see Appendix 35 for full details)	Partially met		Head of Accounting & Governance
Governing bodies must also keep records of any employer contributions due to the scheme that have been written off.	Fully met	do we have a record?	Head of Accounting & Governance
When a payment failure is identified, the governing body should contact the employer quickly to resolve the overdue payment.	Fully met		Head of Accounting & Governance
The governing body should obtain overdue payments and rectify administrative errors. (see Appendix 36 for more detail)	Fully met		
Governing bodies should maintain a record of their investigation and the communications between themselves and the employer.	Partially met		Head of Accounting & Governance
The governing body should review current processes to detect situations where fraud may be more likely to occur and where additional checks may be needed.	Partially met		Head of Accounting & Governance

Communications and Disclosure: Information to Members			
Requirements	Current rating	Actions	Responsibility
The scheme manager should comply with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.	Fully met		Head of Fund
The governing body should follow the principles set out in the section entitled "General Principles for Member Communications". TPR expectations are listed in Appendix 37	Fully met		Head of Service Delivery
Scheme managers must provide all active members with an annual benefit information statement. They may also be required to provide a benefit information statement to certain types of members on request.	Fully met		Head of Service Delivery
Scheme managers should follow the principles set out in the section entitled "General Principles for Member Communications" when drafting benefit information statements. (see Appendix 38 for more detail)	Fully met		Head of Service Delivery
For active members the scheme manager must: - Include a description of the benefits earned by members during their pensionable service - Issue the annual statement by no later than 31 August of the year following the period to which the statement relates - Comply with any HM Treasury directions, in terms of any other information that must be included and the way it must be provided to members.	Fully met		Head of Service Delivery
For active, deferred, or pension credit members the scheme manager must: - Provide a benefit information statement following a request for one, if the information has not been provided to that member in the previous 12 months - Issue a benefit information statement as soon as possible following a valid request for one, and	Fully met		Head of Service Delivery
For members with defined contribution (DC) benefits, scheme managers must: - provide a benefit information statement regarding their DC benefits to every member within 12 months of the end of the scheme year (irrespective of whether they also have DB benefits) - include the information required by law in any benefit information statement.	Fully met		Head of Service Delivery
Where the applicable public service scheme regulations require additional benefit information to be provided to members, or for statements to be given at shorter intervals than set out above, those scheme regulations will also apply.	Fully met		Head of Service Delivery
Where a member has a right to a cash transfer sum or a contribution refund the information in s101AC of the Pension Schemes Act 1993 must be provided within a reasonable period.	Fully met		Head of Service Delivery
The term "reasonable period" in the phrase above should be construed as 3 months from leaving. Governing bodies should advise members where it is likely to take more than 3 months to provide the information.	Fully met		Head of Service Delivery
The governing body should give members 3 months to confirm if they wish to transfer their cash transfer sum and can extend this deadline at their discretion. If the member does not respond, the governing body may arrange to pay a contribution refund after a further month.	Fully met		Head of Service Delivery
Where a member elects for a cash transfer sum the governing body should pay it within 3 months but can extend in exceptional circumstances.	Fully met		Head of Service Delivery
When processing a transfer, governing bodies must check that at least one of the conditions for the transfer to proceed is met (see Transfers out module within Information Handling section of this checker).	Fully met		Head of Service Delivery
As part of their internal controls, governing bodies should ensure that they take the steps set out in Appendix 39.	Fully met		Head of Service Delivery

Communications and Disclosure: Public Information Requirements	Current rating	Actions	Responsibility
<p>Scheme managers must publish certain information about the pension board and keep that information up to date.</p> <p>The scheme manager must publish and maintain:</p> <ul style="list-style-type: none"> <li>- The names of pension board members</li> <li>- Details about the representation of scheme members on the pension board</li> <li>- Details of the matters for which the pension board is responsible</li> </ul>	Fully met		Fund Officers
<p>Scheme managers may consider publishing information about pension board business, for example, board papers, agendas, and minutes of meetings. These may be redacted to the extent that they contain confidential information and/or data protected by law.</p>	Fully met		Fund Officers
<p>Scheme managers should consider requests for additional information to be published, to encourage scheme member engagement and promote</p>	Fully met		Fund Officers
<p>Scheme managers may consider how best to publish information, making use of the principles outlined in General principles for member communications.</p> <p>See appendix 37</p>	Fully met		Fund Officers
<p>Scheme managers may also publish:</p> <ul style="list-style-type: none"> <li>- the employment and job title (where relevant) and any other relevant position each board members holds</li> <li>- details of the pension board recruitment process</li> <li>- who each pension board member represents</li> </ul>	Fully met		Head of Accounting & Governance
<p>Scheme managers should:</p> <ul style="list-style-type: none"> <li>- Have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete</li> <li>- Ensure any out-of-date or incorrect information identified is updated as soon as possible and in any event, within one month</li> </ul>	Fully met		Fund Officers
<p>Governing bodies must put formal procedures and processes in place to investigate and decide upon pension scheme disputes quickly and effectively</p> <p>These processes must be followed to resolve various matters</p>	Fully met		Head of Accounting & Governance
<p>Where a person no longer has an interest in the scheme or claims to be such a person, governing bodies must ensure their scheme's procedures allow a reasonable period for that person or their representatives to make their applications. The reasonable period in these circumstances is six months beginning on the date their interest in the scheme stopped.</p>	Partially met	We should consider updating the IDRP process to explicitly state what would happen if a complaint was submitted outside of the published timescales.	Head of Accounting & Governance
<p>In relation to dispute resolution processes, governing bodies must:</p> <ul style="list-style-type: none"> <li>- Provide their internal dispute resolution procedure to:                             <ul style="list-style-type: none"> <li>- prospective members if it is practicable to do so</li> <li>- any scheme members who have not been given the information</li> <li>- certain people who request the information and who have not been given that information in the previous 12 months</li> <li>- members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment</li> </ul> </li> </ul>	Fully met		Head of Accounting & Governance
<p>The governing body must provide information about the Money and Pensions Service and the Pensions Ombudsman to the complainant at certain stages of the dispute</p>	Fully met		Head of Accounting & Governance
<p>There are further considerations the governing body should make in relation to the dispute resolution process.</p> <p>(see Appendix 40 for further details).</p>	Fully met		
<p>In relation to reasonable time periods governing bodies should:</p> <ul style="list-style-type: none"> <li>- Decide the matter in dispute within four months of receiving the application</li> <li>- In the case of a two-stage dispute resolution procedure, reach a first stage decision within four months of receiving the application</li> <li>- In the case of a two-stage dispute resolution procedure, reach a second stage decision within four months of the point when the governing body receives the referral</li> <li>- Notify applicants of the decision no later than 21 days from when it is made</li> <li>- Not delay a decision where it is possible to process an application sooner than four months</li> <li>- Allow more than four months to reach a decision if it is appropriate to do so</li> </ul> <p>For public sector schemes, where the governing regulations provide for shorter periods to consider grievances than set out above, those regulations will apply</p>	Fully met		Head of Accounting & Governance
<p>When reviewing an application, decision-makers should:</p> <ul style="list-style-type: none"> <li>- Ensure they have all the appropriate information to make an informed decision</li> <li>- Request further information if required</li> <li>- Be satisfied that the time and action to reach a decision and notify the applicant are appropriate to the situation, and be able to demonstrate this</li> </ul>	Fully met		Fund Officers
<p>The governing body should keep members informed about dispute resolution.</p> <p>This can include:</p> <ul style="list-style-type: none"> <li>- Publishing and making readily available timescales for an application</li> <li>- Making their procedure accessible on the Fund's website</li> <li>- Keeping applicants advised of the progress of their dispute and expected timescales</li> </ul>	Fully met		Head of Accounting & Governance

Reporting to TPR: Regular Reports			
Requirements	Current rating	Actions	Responsibility
Governing bodies of registrable schemes must provide TPR with all registrable information when registering their schemes.	Fully met		Head of Fund
The governing body must tell TPR about changes to the registrable information as soon as reasonably practicable, at the very latest within five working days of the governing body becoming aware of the change.	Fully met		Head of Fund
Governing bodies must complete a scheme return, including registrable information, plus any other information TPR may require to exercise their functions for a registered scheme. This must be provided by the date specified in the scheme return notice.	Fully met		Head of Fund
Governing bodies should have measures in place to review and ensure the accuracy of the information in their scheme return	Fully met		Head of Fund

Reporting to TPR: Reporting Breaches			
Requirements	Current rating	Actions	Responsibility
Report breaches of the law when: - A legal duty which is relevant to the administration of a scheme, has not been, or is not being, complied with, and - The failure to comply is likely to be of material significance	Fully met		Head of Fund
Governing bodies should be satisfied that those responsible for reporting breaches are aware of the legal requirements and this code.  Training should be provided for the Governing body and any in-house administrators	Partially met	refresher Board & Committee training	Head of Fund
Breaches must be reported if they are likely to be of 'material significance' to TPR in carrying out any of their functions.	Fully met		Head of Accounting & Governance
Those responsible for reporting breaches, including the governing body, should establish and operate procedures to ensure they are able to meet their legal duties  (see Appendix 42 for list of procedures governing bodies could have in place)	Partially met		Head of Accounting & Governance
Breaches of the law must be reported as soon as reasonably practicable.	Partially met	The breaches policy requires updating to SPT branding, amend job titles.	Head of Accounting & Governance
Breach report should contain the information listed in Appendix 43	Fully met		
There are other requirements placed on those running pension schemes to report to other bodies. Where the duty to report to another body coincides with the duty to report to TPR, the report to us should include details of the other bodies the matter has been reported to.	Fully met	Review decision tree	
If a scheme or an individual is at risk, for example where there has been dishonesty, the reporter should not take any actions that may alert those implicated that a report has been made. Similarly, reporters should not delay their report to TPR, to check whether any proposed solutions will be effective	Fully met		
Where contributions are not paid on time, and the governing body has reasonable cause to believe that the payment failure is likely to be of material significance to TPR they should send a written report of the matter to TPR.	Fully met		
Reports of late contribution payments should be made to us within 14 days of the trustees having reasonable cause to believe that a material payment failure exists. Members should be notified within 30 days of the report to TPR. When reporting to members, governing bodies should provide payment information that will enable them to understand what has been paid to the scheme and by whom	Fully met		

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# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: ACTUARIAL UPDATE 2025 VALUATION PLANNING**

## **SUMMARY OF ISSUE:**

This report provides the Local Pension Board (the Board) with an Actuarial update on the 2025 Triennial Valuation planning being undertaken by the Fund actuary, Hymans Robertson

## **RECOMMENDATIONS:**

It is recommended that the Local Pension Board:

1. Note the content of this report regarding the timeline for the triennial valuation work during 2024/25.

## **REASON FOR RECOMMENDATIONS:**

The Board should be aware of the activities and outputs for the triennial valuation work. The plan has been agreed with the Fund officers and actuary, Hymans Robertson.

## **DETAILS:**

1. The Fund actuary, Hymans Robertson, carries out a triennial valuation of the Fund's assets and liabilities. The primary & secondary contribution rates for all employers in the Fund and the accompanying Funding & Investment Strategy are derived from this valuation.
2. Work is underway for the triennial valuation on 31 March 2025 (effective from 1 April 2026).
3. Fund officers will continue to work with Hymans Robertson on the valuation and report regularly on progress.

4. The key areas of activity for the 2025 actuarial valuation are set out in the table below.

Timing	Area
Q3 2024/25	Pre-valuation work <ul style="list-style-type: none"> <li>• Planning</li> <li>• Data cleansing</li> <li>• Asset Liability Modelling</li> <li>• Climate Risk Modelling</li> </ul>
Q4 2024/25	Pre-valuation work <ul style="list-style-type: none"> <li>• Employer Forums</li> <li>• Exploration of Funding Strategy</li> <li>• Actuarial Assumptions Review</li> </ul>
Q1 2025/26	Review Funding Strategy Statement Annual HEAT Cashflows
Q2 2025/26	Data cleansed and submitted to actuary Draft Funding Strategy Statement
Q3 2025/26	Employer Forums Employer Results Schedules
Q4 2025/26	Funding Strategy Statement consultation Final valuation report signed off by 31 March 2026
1 April 2026	New employer contributions start to be paid

5. Preliminary work is underway to provide the Fund's larger employers with an earlier indication of their employer contribution rate.

### **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. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

**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) Fund Officers to work with the Fund actuary to progress the valuation.
- b) Further updates to be brought to the Board.

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**Contact Officer:**

Colette Hollands, Head of Accounting & Governance

**Annexes:**

None

**Sources/Background papers:**

None

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**SURREY LOCAL PENSION BOARD**  
15 November 2024

**Surrey Pension Fund Internal Audit Progress Report – Quarter 2  
(01/07/24 – 30/09/24)**

**SUMMARY AND PURPOSE:**

1. The purpose of this progress report is to inform the Board of the work completed by Internal Audit in quarter two 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. Audit work completed, and where applicable any findings raised during quarter two are summarized in Appendix A.
4. There were no Surrey Pension Fund audit reports finalised in Q2, however, we finalised an audit of Surrey County Council's (SCC) Payroll Pension Enrolment processes. This audit was as an addendum to the wider SCC Payroll audit and shared an opinion of 'Minimal Assurance'.

**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.

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

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**Annexes:**

1. Surrey Pension Fund Internal Audit Progress Report November 2024

**Sources/background papers:**

1. None.

# Internal Audit and Counter Fraud

## Surrey Pension Fund Internal Audit

### Progress Report for Quarter Two 2024-25

#### November 2024

#### CONTENTS

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

## 1. Summary of Audit Work

### Local Government Pension Scheme Banking Controls Follow-Up

- 1.1 Our original audit report in this area reported in March 2022 with an opinion of Partial Assurance, and an interim follow-up review in May 2023 determined that certain actions could not be progressed at that time as they were reliant upon the implementation of MySurrey.
- 1.2 We had scheduled another follow-up into our quarter two programme, but ongoing issues within the MySurrey space had prevented significant progress in key areas. We have linked our work with that of the Surrey County Council Stabilisation Board programme and will continue to keep this area under review in line with the Board's programme of improvement activity.

### SCC Payroll (Pensions Enrolment)

- 1.3 As an addendum to the Surrey County Council Payroll audit, we undertook a second piece of work to look at the control environment around enrolment of employees into the Local Government Pension Scheme (LGPS). To comply with the regulations set out by the Pensions Regulator, all employers are required, by law, to automatically enrol all eligible jobholders into a pension scheme, and enforcement action by the Pensions Regulator may follow for non-compliance.
- 1.4 Our review only considered the enrolment of Surrey County Council employees and not any of the other c.360 employers in the Surrey Pension Fund. The purpose of this audit was to provide assurance that controls were in place to meet the following objectives:
  - The Council complies with all requirements set out by the Pension Regulator for enrolment of staff to the Surrey Pension Fund;
  - Processes are in place to ensure all employee enrolments and contributions are efficiently and effectively processed and staff are enrolled correctly into the Pension Fund with contributions collected accurately;
  - Errors in enrolment are identified immediately and resolved effectively;
  - Retrospective payment contributions (where applicable) are efficiently and effectively collected without the employee experiencing financial hardship; and
  - Surrey Pension Fund are notified in a timely manner of new Council employees.
- 1.5 We were unable to provide assurance that these key controls were operating effectively. Key findings from our audit were that:



- To comply with regulations, employers must automatically enrol all eligible employees into a pension scheme at the commencement of employment. However, we found that as a result of technical issues with MySurrey there are significant delays in this process;
- We identified that there are data quality issues within data being transferred, which is further delaying the process;
- Existing enrolled employees within the scheme are having issues with their contributions not being collected - or being collected incorrectly - when changes had been made to employees' roles or pay rates;
- New members have not been notified of basic information such as their benefits, and how employee and employer contributions are calculated;
- On behalf of affected members, the Council made payments to the Fund to cover missed contributions for the period of May 2023 to March 2024. A recovery process for employees to repay these funds to the Council commenced in June 2024. However, the Payroll Team have recently challenged the quality of data analysis that was used in these calculations and are working to rectify this;
- Since the original work to identify employees experiencing issues there has been no further review to identify if other employees are experiencing issues with their pension contributions. Consequently, other issues may be going undetected, which may pose both financial risks to scheme members and reputational risk to the Council. It also increases the risk of non-compliant Fund administration.

- 1.6 As an addendum to the Surrey County Council Payroll audit this review did not have its own opinion, sharing that given to Payroll (Minimal Assurance). We have agreed 6 actions with management, 2 of which were high priority, 3 of medium priority, and 1 of low priority, to address weaknesses identified. As described previously, our findings and agreed actions have been shared with the MySurrey Stabilisation Board to ensure a comprehensive corporate response.
- 1.7 Given the timetable proposed for remedial action by the Stabilisation Board we plan undertake a follow-up audit in this area later in this financial year to ensure that the expected improvements in control have been implemented.

## 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 With exception of those related to the Banking Controls follow up (discussed in paragraphs 1.1 and 1.2), all high-priority actions due to be implemented by management by the end of September have been implemented.

### 3. Pension Fund Audit Plan Update

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

3.2 Below is an overview including relevant updates of the Fund’s Internal Audit Plan for 2024/25:

Audit Name	Audit Status	Audit Opinion (If Applicable)
Pension Fund Business Continuity Arrangements	Fieldwork in progress	
Pension Fund Governance Arrangements	Will now be a support and advice piece of work	N/A
Administration Review (Deaths Admin)	Due to start in Q3	
Pension Fund Investments	TBC - likely Q4	
Admission Arrangements	TBC - likely Q4	
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 not possible at this stage due to the issues associated with MySurrey. Further review will now be carried out in March 2025.	
Overseas Pensioners Life Certification	Fieldwork in progress	

## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
<b>Minimal Assurance</b>	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: SURREY PENSION FUND - 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 contents 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:**

1. The Council's external auditor, Ernst & Young (EY), undertakes annual audit of the Fund's financial statements including its assets and liabilities.

### **Audit of 2023/24 Financial Statements**

2. The date for 2023/24 audit report and sign off for the Surrey County Council, including the SPF financial statement, has been deferred to January 2025 due to the volume of audit evidence still to be accepted by EY for both SCC and the SPF.
3. Specifically for the SPF, EY is working with officers to complete the audit by 6 November and to issue employer assurance letters by the end of November.
4. However, EY is unable to issue its audit opinion and provide final sign off of the SPF financial statement as this is integral to the SCC audit sign off.

**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.

**LEGAL IMPLICATIONS – MONITORING OFFICER:**

8. There are no legal implications or legislative requirements.

**EQUALITIES AND DIVERSITY:**

9. There are no equality or diversity issues.

**OTHER IMPLICATIONS:**

10. There are no other implications.

**NEXT STEPS:**

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

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**Contact Officer:**

Colette Hollands, Head of Accounting & Governance

**Annexes:**

1. None

**Sources/Background papers:**

1. None



# SURREY LOCAL PENSION BOARD REPORT

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**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 15 NOVEMBER 2024**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: LGPS – BACKGROUND PAPERS**

## **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. Pension Review**

The Chancellor announced a landmark pensions review. More can be found in paragraphs 6 and 7.

#### **2. Abolition of Lifetime Allowance (LTA)**

Further updates following the removal of the LTA and the introduction of the new regime. More can be found in paragraph 36.

#### **3. Further McCloud regulations laid**

Regulations laid to preclude the McCloud underpin figures in Annual Benefit Statements provided to 31 August 2024 for affected members. More about McCloud can be found in paragraphs 14 to 21.

#### **4. Pensions Dashboards**

As the LGPS moves closer to the connection date of 31 October 2025, the LGA issues guidance on connection and AVCs. More about Pensions Dashboards can be found in paragraphs 22 to 28.

## LGPS Updates

5. Following the general election, the Department for Levelling Up, Housing and Communities (DLUHC) has reverted to its former name, the Ministry of Housing, Communities and Local Government (MHCLG).
6. The Government announced a [pensions review](#) on 20 July 2024 as part of its mission to 'boost growth and make every part of Britain better off'. The review will look at how to 'unlock the investment potential of the £360 billion LGPS' and 'tackle the £2 billion that is being spent on fees'. The review will also consider the benefits of further consolidation to cut down on 'fragmentation and waste' in the LGPS and the Government will consider legislating to mandate pooling if insufficient progress is made by March 2025.
7. [HM Treasury published the Terms of Reference](#) for Phase One of the Review, confirming focus will be on investments, driving scale and consolidation in defined contribution workplace schemes and the LGPS. On 4 September 2024 the Government published a [Call for Evidence](#) inviting input, data and information from interested parties to inform the first phase of the Pension Investment Review. The Call for Evidence closed and responses have been sent from the [Local Government Pensions Committee \(LGPC\)](#) and the [SAB](#). The second stage of the Pensions Review is expected to look at the issue pensions adequacy and fairness, such as the gender pensions gap.
8. The [National LGPS Frameworks](#) for Additional Voluntary Contributions (AVC) Services launched in July 2024.
9. MHCLG has issued updated guidance on flexible retirement to cover how the McCloud remedy affects calculations for flexible retirement, together with the calculation of a death grant where a member dies after taking flexible retirement.
10. The Local Government Association (LGA) has made improvements to the [lump sum calculator](#) tool on the national LGPS member website, together with introducing a new [maximum AVC lump sum calculator](#). Both calculators reflect the lump sum limits in force since April 2024.
11. The LGA have published legal advice on payment of death grants to genealogy companies.
12. The LGPS Governance Conference which takes place on 30 and 31 January 2025 in Bournemouth, is [open for booking](#). The conference can be attended in person or online and is aimed at councillors and others who attend pension committees and local pension boards.
13. Fundamentals training for 2024 is also open for booking. This is a three-day training course aimed at councillors and others who attend pension committees and local pension boards and provides a scheme overview and covers current issues in LGPS administration, investment and governance. More information can be found on pages 11 and 12 in the LGA's [September bulletin](#).



## McCloud

14. The [LGPS \(Information\) Regulations 2024](#) were laid on 28 August 2024 and came into force on 23 September 2024 with backdated effect to 1 October 2023. These regulations remove the requirement to include estimated underpin information in the 2024 Annual Benefit Statement's (ABS), which had to be issued by 31 August 2024, however, underpin information must be included in 2025 ABS. The regulations also provide a discretion to not include the underpin for a particular class of members for the 2025 statements, but this cannot be used as a blanket approach for all statements. Where authorities choose to use this discretion, the affected members must be informed.
15. The LGA have updated the technical guide on annual benefit statements to reflect their understanding of what must be included as a result of the McCloud remedy and the introduction of pensions dashboards from 2025.
16. The MHCLG issued new actuarial guidance on incoming and outgoing transfers, pension debits, CETVs on divorce which provide additional information about how the McCloud remedy affects the relevant calculations.
17. The Government Actuary's Department (GAD) have published new guidance on applying the McCloud remedy to retrospective cases, together with an interest calculator for retrospective McCloud calculations.
18. The LGA are regularly meeting with representatives from MHCLG, the Department for Education and Capita to discuss the operation of the McCloud remedy for teachers with excess service and the Teachers' Pension Scheme (TPS) [website](#) sets out a brief summary of the process. TPS have [updated the timeline for excess service cases](#) and communications are being sent to employers based on region. Once employers have completed the first stage by verifying the service details held by TPS for those affected, the next stage is for employers to provide the information to administering authorities to enable LGPS records to be created. TPS is finalising the template for these final stages and the LGA will advise as soon as the template is available.
19. The Government Actuary's Department (GAD) have confirmed how to record extra payments due to the underpin in GAD transaction data and that these payments should be treated as a transaction relating to the career average main section (even where the member was in the 50/50 section), in the Scheme year in which payment was received.
20. Errors have been identified in Club transfer out quotations provided by the TPS for members affected by the McCloud remedy and they are investigating the matter.
21. The LGA have published forms for administering authorities to use to collate information from members' about any public service pensions history where it would appear, based on information and membership held in a particular fund, the member is not to be protected by the McCloud remedy.

## Pensions Dashboard Programme (PDP)

22. The LGA have published the [Pensions Dashboards connection guide](#) and the [AVCs and Pensions Dashboards administrator guide](#). The connection guide aims to assist administering authorities identify the steps required to connect to the pensions dashboards ecosystem and whilst it does not duplicate information elsewhere, it does provide a summary of each topic together with links to the information. Authorities will need to create a project plan to implement dashboards and this guide will assist with the actions, decisions and recommended timings to enable connection by 31 October 2025. The AVCs and Dashboards administrator guide aims to establish common approaches on the preparation and provision of AVC view data to the pensions dashboards ecosystem.
23. The PDP updated its [draft code of connection](#) with mostly technical or terminology clarifications. The draft code sets out how pension providers, schemes and dashboard providers are to connect to the dashboards ecosystem. Chris Curry, PDP Principal published a [blog](#) on the updated code of connection.
24. The PDP published version 1.1 of the [draft technical standards](#).
25. The [PDP has confirmed](#) users of pensions dashboards will verify their identity with GOV.UK One Login which will make it easier for those who have previously registered with One Login for other Government service.
26. The Pensions Regulator (TPR) published the [Pensions dashboards compliance and enforcement policy](#), together with a [response](#) to the consultation on the policy and have updated its [breach of law guidance](#). TPR also published a [blog on pensions dashboards compliance](#) to accompany the policy release.
27. TPR expects schemes to connect to the dashboards ecosystem in line with the timetable set in [DWP's guidance on connection: the stage timetable](#).
28. TPR has produced a ['hot topics'](#) article focusing on some of the issues it is hearing about through engagement with the industry.

## Scheme Advisory Board (SAB)

29. Following the general election, the [King's Speech](#) set out the Government's plans and priorities for the first parliamentary session and included in this is the Bill on Audit Reform and Corporate Governance, which could pave the way for separation of pension funds from host authority audit in England. The SAB previously called for this in a [letter in 2022](#) and was assured its recommendation would be taken forward once a suitable legislative vehicle had been identified.
30. The GAD has now completed the scheme cost assessment as required under the LGPS regulations and the [SAB cost management process final report](#) was completed using [methodology and assumptions](#) determined by the Board. The scheme cost was assessed as being 1 percent above the target cost and

so the Board could make a recommendation to amend benefits to bring scheme costs back towards the target cost and following discussion the Board agreed not to make any recommendations for change in its [letter to the Secretary of State about the outcome](#).

31. MHCLG appointed the GAD to review and report on [the 2022 fund valuations](#) in accordance with section 13 of the Public Service Pensions Act 2013. The purpose of the report is to examine whether the 87 separate fund valuations have achieved the four aims as set out in the Act, being compliance, consistency, solvency and long-term cost efficiency. The report includes three recommendations for the SAB which are being considered.
32. The Board Secretariat [wrote to MHCLG](#) officials asking for a review of the regulations and actuarial factors used in shared cost additional pension contributions (SCAPCs) and is one of the first recommendations of the Gender Pensions Gap working group.
33. The SAB have been revising the guidance for funds to follow when reviewing their Funding Strategy Statement (FSS) and the guidance is nearing the final stages awaiting the approval process and it is hoped will be available before the end of the calendar year.
34. The SAB issued a [statement of fiduciary duty and dealing with lobbying](#) and it is hoped this will help administering authorities deal with increasing levels of interest in how LGPS funds are invested and manage discussions with stakeholders and at board and committee meetings.
35. The SAB Secretariat is seeking an opinion from Counsel on whether there is a need to update the [previous advice received on the nature of fiduciary duty](#) for administering authorities.

#### **His Majesty's Revenue and Customs (HMRC)**

36. HMRC has acknowledged technical inaccuracies in the legislation introduced to implement the new regime following the abolition of the LTA and plans to introduce new legislation to address the issues after the parliamentary recess. HMRC undertook a short technical consultation and the [Pensions \(Abolition of Lifetime Allowance Charge etc\) \(No.3\) Regulations 2024](#) were laid on 7 October 2024 and will come into force on 18 November 2024.

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

37. TPR will be sending out scheme return notices to managers of public service pension schemes in October 2024, which must be returned within six weeks of receiving the notification.

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

38. TPO held a forum for stakeholders from across the industry and more can be found in the event in a [blog](#). TPO encourages stakeholders to join their future events and [subscribe to the TPO mailing list](#) to receive updates and event invitations directly.

39. TPO published its [corporate plan](#) outlining priorities and areas of work for the year with top priorities.

### **Other News and Updates**

40. The Court of Appeal dismissed the appeal in the [Virgin Media Ltd v NTL](#) case on 25 July 2024. The High Court had previously ruled that:

- a) amendment of pension scheme rules in respect of Section 9(2)B rights were void unless the scheme actuary certified that the scheme still met the contracting-out adequacy test
- b) this applied to rights built up before and after the change in rules
- c) all amendments are affected by the ruling, not just those that have a negative impact on section 9(2)B rights.

41. The appeal concerned (b) only and the Court of Appeal upheld the High Court's ruling and it is understood the ruling will apply to the LGPS and HM Treasury are currently assessing the implications for all public service pension schemes. The LGA expect to provide further information once there is more clarity on the position.

42. The Money and Pension Service (MaPS) have now [launched](#) digital Pension Wise appointments for anyone over the age of 50 with a defined contribution pension.

### **CONSULTATION:**

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

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

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

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

45. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

### **LEGAL IMPLICATIONS – MONITORING OFFICER:**

46. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY:**

47. There are no equality or diversity issues.

**OTHER IMPLICATIONS:**

48. There are no other implications.

**NEXT STEPS:**

49. No next steps are planned.

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**Contact Officer:**

Colette Hollands    Head of Accounting and Governance

**Annexes:**

1. None.

**Sources/Background papers:**

1. None.

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