



SURREY PENSION FUND COMMITTEE REPORT

SURREY COUNTY COUNCIL

SURREY PENSION FUND COMMITTEE

DATE: 13 DECEMBER 2024

LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER

SUBJECT: SUMMARY OF THE LOCAL PENSION BOARD

SUMMARY OF ISSUE:

This report provides a summary of administration and governance issues reviewed by the Local Pension Board (the Board) at its last meeting (15 November 2024) for noting or actioning by the Pension Fund Committee (the Committee).

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Notes the content of this report.
2. Makes any recommendations to the Local Pension Board 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 Committee with insight into the activities of the Board and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

DETAILS:

1. The Chair welcomed new Board member Lisa Fogerty-Scott and advised the Board that David Lewis – Vice Chair has stepped down from Council duties due to ill health. Therefore, steps to appoint a new Vice Chair, along with seeking a nomination for a new Board member are in progress.
2. The Chair expressed his thanks to David Lewis, for the work he has done while being a member of the Board.

Glossary, Actions Tracker, & Forward Programme of Work

3. The Board considered the Action Tracker, Forward Programme of Work and Glossary.

4. The LGPS Senior Officer advised Members of the Board other areas for discussion will be informed by next year's SPT Strategic Plan.

Summary of the Pension Fund Committee Meeting on 13 September 2024

5. The Chair of the Pension Fund Committee presented a summary of the Committee meeting held in September 2024. The Chair emphasised how well funded the Fund is and that the Fund performance is good, although a little behind the benchmark.

Improving the Governance of the Surrey Pension Fund Update

6. The Board received an update from the LGPS Senior Officer on the changes to the governance of the Surrey Pension Fund. This report detailed an issue that was discussed previously at the Board and was endorsed by the Committee, defining and understanding the relationship between the Pension Fund and the County Council.
7. The proposed changes to the governance structure were approved at full Council on 8 October 2024.

Surrey Pension Team Overview – Dashboard Update

8. The LGPS Senior Officer presented a report on Surrey Pension Team Overview - Dashboard Update, highlighting a number of key areas:
 - a) The current value of the fund
 - b) The legacy reduction rate continues to perform strongly
 - c) Accounting & Governance legacy work
 - d) Progress against the audit plan for the current financial year
 - e) A third pulse survey (Staff survey) closed on 30 June 2024 results indicate the team continues to be on track against the strategic plan.
9. The Head of Accounting & Governance provided an update on the legacy items in this area. This relates to old ledger entries transferred to the new system. Of the total legacy items identified, 61% of these have been cleared and work continues with external audit to identify and clear items in the current year.

Change Management Update - Quarter 2

10. The Board received an update on the activities of the Change Management Team during the period July to September 2024. This included communication and amplifying our presence, including video interviews on LinkedIn and a Lunch and Learn session that was presented on allyship. The Head of Change Management confirmed the Fund's success of winning the Impact Investing Principles Adopter award at the Pensions for purpose awards.

Service Delivery Overview

11. The Head of Service Delivery provided an update on performance for quarter two. The following items were highlighted:

- a) Performance for the quarter has increased by 7% from 85% to 92% of case work; exceeding our performance target with transfers, refunds, deferred benefits and acknowledgement of members passing away, equally the same with retirements and ill health cases.
- b) GMP update – an agreement is now in place with Mercer, with work to update the deferred member cases imminently.
- c) McCloud update – Testing of the bulk interface tools and calculations has been undertaken. Capacity planning is taking place to ensure resource is available to cover both these projects
- d) Confirmed the number of annual benefits statements issued, active 94%, deferred 99.95%.
- e) Legacy case reduction now stands at 93%. The team are now dealing with the more challenging queries that are more time consuming to complete.
- f) Working with a third-party Crown Agents Bank using biometrics for existence checking of the overseas pensioners. There are 612 overseas pensioners of which 250 responses have been received. This work is to be completed by the end of December.
- g) Board Member Jeremy Webster visited Dakota to meet the Surrey Pension Team. He stated how useful and informative he had found the visit and recommends all Board Members spending time with the team. A proposal was put forward to have one meeting at Dakota of the Local Pension Board and meet the team.

12. The Board received four annexes to review and comment on: -

Title of Annexe	Summary of Annexe
Annexe 1	Provides an update on performance for this quarter, along with commentary explaining performance and any challenges faced in meeting the Service Level Agreements (SLAs).
Annexe 2.	Provides a comparative quarterly performance trend analysis.
Annexe 3	A summary of the most common categories of cases being terminated.
Annexe 4	Provides details of ten complaints received during this period.

13. The Chair of the Committee suggested looking at the KPI and benchmarking with industry standards. The Head of Service Delivery advised that a report has been received from CEM Benchmarking looking at administration, communication and digital services, in terms of value for money. The outcome of this will be summarised and brought to the Board meeting in February.

Risk Register Update 2024/25 Quarter 2

14. The Head of Accounting and Governance presented a report detailing the process in [Annexe 1](#) that was followed to undertake the review of the risk register. This resulted in 51 sub ids being reviewed and re rated individually. [Annexe 2](#) provides the detail of the approach and how the individual sub id rating had changed.
15. The next steps agreed through PSLT and the Extended Leadership Team (ELT) is to create individual team risk registers which will be reviewed monthly and to develop a service Risk Management Strategy.
16. Two Board Members made suggestions to the risk register one highlighting clearly reflecting in the risk register the work currently being addressed on the conflict of interest between Surrey County Council and Surrey Pension Team. The other suggesting adding some narrative for the five key risks identified.
17. The Head of Service Delivery provided an update on MySurrey as detailed in [Annexe 3](#) and No 16 of the Risk Register. Members agreed that a MySurrey written update continue to be provided at future meetings.

The Pension regulator General Code of Practice (GCOP)

18. The Board received a report on the self-assessment against the GCOP undertaken by officers recently. The report highlights that eleven chapters have been completed of the fourteen.
19. The LGPS Senior Officer, advised the Board that the government is proposing to have biennial independent governance reviews in which compliance against the General Code of Practice will be included.

Actuarial Update 2025 Valuation Planning

20. The Board was provided with an update on the 2025 Triennial Valuation planning being undertaken by the Fund Actuary Hymans Robertson. [Key milestones and further information](#) can be found in the report presented to the Board.
21. The Head of Accounting & Governance highlighted that Hymans Robertson are offering Board and Committee Members three training session connected to the valuation and invitations are being sent now. The first session took place online on 25 November 2024.

Surrey Pension Fund Internal Audit Progress Report – Quarter two

22. The Principal Auditor provided the Board with an update on the audit follow up on Banking controls. This audit has been delayed due to the implementation of MySurrey. As there has been limited progress at this time, no opinion was given rather a further review will be undertaken by March 2025.
23. The Board received a summary of an audit of Surrey County Council payroll which includes a sub section of pensions automatic enrolment and MySurrey issues. An opinion rating of minimal assurance has been issued, along with steps and agreed actions in place.
24. A number of audits are in progress including the SPT Business Continuity Plan, further details can be found in [Annexes A & B](#).

External Audit Update

25. The Head of Accounting and Governance reported that a progress report from EY has been issued as a supplementary paper to this meeting providing an update as at 6 November. The progress update covers the six main areas of the audit and will be submitted to Audit and Governance Committee at its meeting on 20 November. Therefore, we are expecting sign off in conjunction with Council's audit in January 2025.
26. The Chair made an observation that this was first year that EY was completing the audit, resulting in a meticulous approach.

LGPS Update (Background Paper)

27. The Board received information on issues impacting the LGPS, the report highlighted four key points:
 - a) Pension review letter from the Minister for Local Government
 - b) Abolition of Lifetime Allowance (LTA)
 - c) McCloud regulations
 - d) Pension Dashboard
28. The LGPS Senior Officer provided an update on the Chancellor's Mansion House speech and will provide a briefing note on the Government

consultation to Members of the Board and Committee The link to the [consultation](#) can be found here.

CONSULTATION:

29. The Chair of the Pension Fund Committee has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

32. There are no legal implications or legislative requirements.

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) The Committee will receive further reports and continue to work with the Board where necessary and appropriate.

Contact Officer:

Colette Hollands, Head of Accounting & Governance

Annexes:

1. None

Sources/Background papers:

1. Quarterly Performance Summary– LPB 15 November 2024 – [Annexe 1](#)
2. Quarterly Performance Trend Analysis– LPB 15 November 2024 – [Annexe 2](#)
3. Terminated Case Summary – LPB 15 November 2024 – [Annexe 3](#)
4. Complaints Summary LPB 15 November 2024 - [Annexe 4](#)
5. Risk Register – Local Pension Board 15 November 2024 - [Annexe 1](#) & [Annexe 2](#)
6. MySurrey Update -Local Pension Board 15 November 2024 - [Annexe 3](#)
7. Actuarial Update 2025 Valuation Planning – [Milestones](#)
8. Internal Audit Progress report – [Annexe A&B](#)

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