



SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 21 FEBRUARY 2025

LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER

SUBJECT: SURREY PENSION TEAM OVERVIEW – QUARTER 3

SUMMARY OF ISSUE:

This paper is an overview of the entire service at a macro level. The Surrey Pension Team Dashboard is the primary vehicle for providing this overview. The dashboard covers the period October – December 2024. This report also provides brief updates on items completed or previously reported to the Board. However, to achieve brevity, it is not considered a separate report is necessary.

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:

Surrey Pension Team Dashboard

1. The dashboard can be viewed on slide 2 of Annexe 1.
2. The Surrey Pension Fund (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 change in the discount rate have combined to drive the funding ratio up to 142%.
3. The KPI performance levels within Service Delivery have increased by 5% to 97% overall. All case types have exceeded their performance standard target levels and, in some cases, such as ill health retirement and transfers, have a 100% success rate.

4. The legacy case work as of 30th December 2024 has reached a 97% success rate. Remaining cases are pending a response from employers and will continue to be monitored.
5. Two internal audits were completed this quarter (Business Continuity Plan and overseas pensioner life certification), both of which received reasonable assurance ratings (both with 3 medium recommendations). There are two audits still to complete this year. One further audit (admission agreements) has been deferred and will be undertaken as part of the 2025/26 audits.
6. Contributions in this quarter are lower (Q3 £49.60m vs Q2 £55.40m) due to current unallocated receipts that will be reflected in Q4. Contributions out are higher this quarter (Q3 £71.90m vs Q2 £62.90m) because more members transferred out their accrued benefits and, on average, the cash value of those transfers was greater than the average in Q2.
7. The legacy reduction in Accounting and Governance is unchanged, at 82%. The outstanding legacy items will be cleared in this financial year as part of the 2024/25 Fund reconciliation.
8. The majority of the Change Management metrics are measured via the pulse staff survey, which was still live in December 2024. The results will be analysed in January 2025 and an update will be included in the next report. The metric for retention is measured monthly and, in this report, has declined slightly, i.e. 1 to 2 people have resigned. Overall, the Surrey Pension Team retention rate is very strong compared to the wider pension industry, which was at 15% in 2024.

The Pensions Regulator's Scheme Return

9. Public service pension schemes are legally required to complete an annual scheme return for the Pensions Regulator (TPR). Notification from TPR to submit the 2023-24 scheme return was received on 11 October 2024. The Scheme Return was submitted on 22 November 2024 and a copy is available on request.

The Pensions Regulator's General Code of Practice

10. Following the report to the Board on 15 November 2024, work has continued reviewing and evidencing compliance with the General Code of Practice (GCOP). Officers have concentrated on completing the last three remaining chapters on Administration: IT & Cyber Security, Funding and Investment: Investment (best practice only) and Governing Body: Advisers and Service Providers (best practice only). Of the eleven chapters completed, three modules were considered not met. These have been reviewed and are now partially met.
11. The next steps are to review each of the modules and identify the actions required to turn partially compliant areas to fully compliant.

Surrey Pension Fund External Audit Update

12. The Board will recall receiving an update on the progress of the external audit of the 2023/24 Financial Statement at its last meeting. The date for sign off of the Surrey County Council (including the Fund) financial statement had been deferred to January 2025. The audit of the financial statement is not yet complete, and it is now expected that the audit opinion will be issued and sign off will now happen in February. The Audit & Governance Committee, at its meeting on 22 January 2025, delegated authority to sign off the financial statement to the Section 151 Officer.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

15. 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:

16. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

17. There are no equality or diversity issues.

OTHER IMPLICATIONS:

18. There are no other implications.

NEXT STEPS:

19. The following steps are planned:

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

Contact Officer:

Neil Mason, Assistant Director - LGPS Senior Officer

Annexes:

1. Surrey Pension Team Dashboard – Annexe 1

Sources/Background papers:

1. None