

**MINUTES** of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.00 am on 18 January 2018 at County Hall, Kingston upon Thames, KT1 2DN.

These minutes are subject to confirmation by the Board at its meeting on 23 April 2018.

**Members:**

\*present

- \* Nick Harrison (Chairman)
- \* Graham Ellwood (Vice-Chairman)
- \* Paul Bundy
- \* Tina Hood
- \* Paresh Rajani
- David Stewart
- \* Claire Williams-Morris
- \* Trevor Willington

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

Apologies were received from David Stewart.

**2/18 MINUTES FROM THE PREVIOUS MEETING: 12 OCTOBER 2017 [Item 2]**

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

**3/18 DECLARATIONS OF INTEREST [Item 3]**

None were received.

**4/18 QUESTIONS AND PETITIONS [Item 4]**

None were received.

**5/18 ACTION TRACKER [Item 5]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pensions

**Key points raised during the discussion:**

1. Members questioned whether refresher sessions were available on previous courses attended. The new Head of Pensions assured the Board that training was available and would review opportunities for

the Board to receive training at County Hall as an alternative to attending external training sessions.

2. Members noted that the Board would receive an update on the review of additional voluntary contributions (AVC) at a future meeting.
3. The new Head of Pensions highlighted that he was chasing returns on employer discretions.

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

Board members to be provided with details of training opportunities to further develop their knowledge and understanding of areas covered.

**Recommendations:**

The Board noted its action tracker.

**6/18 REORGANISATION OF THE SURREY PENSION FUND TEAM [Item 6]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pensions

**Key points raised during the discussion:**

1. Board members were informed of the restructure of the Pension Fund team, creating two additional posts to support increasing demand. Members further noted that Neil Mason has been appointed as the new Head of Pensions on an 18 month secondment basis.
2. The Head of Pensions assured members that although the Pension Fund team had undergone a reorganisation, continuity remained to support the process to transitioning to the new governance with the Border to Coast Pensions Partnership (BCPP).

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

None

**Recommendations:**

The Board noted the content of this report.

**7/18 SUMMARY OF THE PENSION FUND COMMITTEE MEETING(S), 10 NOVEMBER 2017 AND 29 NOVEMBER 2017 [Item 7]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pensions

**Key points raised during the discussion:**

1. It was noted within the revised funding strategy statement (FSS) category 1B employer referred to academies that were cross pooled in contrast to stand alone academies.
2. Members sought more clarification on downside protection with regard to equity risk. The Head of Pensions advised that the Pension Fund Committee asked for further work to consider some form of protection against market volatility for asset equity values. The Committee authorised downside protection strategy through a cost neutral put/call option strategy on the £1.4b of global equities. The Committee concluded that it was not cost effective to implement a similar strategy for UK equities.
3. The Board were informed that the Border to Coast Pensions Partnership (BCPP) has appointed Rachel Elwell as its first Chief Executive Officer who will report to BCPP chair Chris Hitchen. In addition Fiona Miller joined BCPP as the first Chief Operating Officer and John Harrison previously adviser to the Surrey Fund as interim Chief Investment Officer.
4. Members commented that no arrangement existed to oversee and scrutinise the work of the BCPP Joint Committee and suggested further discussion on this topic to be included on the forward work programme. A Member reminded the Board that trade unions were seeking an observer arrangement on the BCPP. The Chairman agreed these matters would be reviewed and further discussed with the Pension Fund Committee Chairman and will be reported back to the Board at its next meeting.

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

The Chairman to liaise with the Pension Fund Committee Chairman and discuss opportunities for further representation and scrutiny regarding the Joint Committee and report back to Board as it next meeting on 23 April 2018.

**Recommendations:**

The Board noted the content of this report.

**8/18 ADMINISTRATION PERFORMANCE REPORT 1 OCTOBER 2017 TO 31 DECEMBER 2017 [Item 8]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pension  
Jason Bailey, Pensions Lead Manager

**Key points raised during the discussion:**

1. The Pensions Lead Manager introduced the report by informing members that the new Administration Performance Report (APR) which replaced the existing Key Performance Indicators (KPI) was approved by the Pension Fund Committee on 15 September 2017.
2. It was stated that the new APR was designed to give a wider overview of the administration function which would allow the Board to have an oversight of statutory compliance as well reviewing ongoing workflow, customer feedback and future performance plans.
3. Members asked whether performance aspirations of 100% were achievable in all cases and suggested officers consider making targets more practical. Members further highlighted that it would be useful to amend aspirations scores to reflect statutory functions against non-statutory functions.
4. Members suggested that it would be useful to have ill health retirement figures to distinguish caseload details between employers and members.
5. Members made reference to OW 2.1, new starters and indicated that it would be a better representation of performance if the tolerance was increased to 90% as an actual score of 100% was reached.
6. The Pensions Lead Manager highlighted that significant changes had been made from January 2018 to both the workflow processes and the allocation of casework by team leaders for the subjects of 'ill retirement' and 'deaths'. Officers anticipate that this will have a positive impact on performance in these areas for quarter 4.
7. Members noted that the backlog has considerably reduced and officers anticipated that it will be cleared by the next quarter.
8. The Board were informed that the Member Satisfaction Survey indicated that 88% of retired members were satisfied with the service.
9. A Member pointed out employers' requirements for pension strain costs to be invoiced on a timely basis.

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

None

**Recommendations:**

The Board noted the contents of the report and made the following recommendations;

- a) Officers to consider reducing most performance aspirations to 95% with statutory functions to remain at 100%.
- b) Officers review invoicing for strain costs so claims are made on a timely basis, particularly with the 31 March year end.
- c) The Board recommended ill health retirement statistics be modified to reflect scores for employers and members separately.
- d) Officers assess increasing the tolerable performance of new starters (OW 2.1) to 90%.

**9/18 ADMINISTRATION UPDATE 1 OCTOBER 2017 TO 31 DECEMBER 2017  
[Item 9]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pensions  
Jason Bailey, pension Lead Manager  
Natalie Wilton, Operational Support Lead Officer

**Key points raised during the discussion:**

- 1. The Board noted that the work carried out by ITM Ltd on the Guaranteed Minimum Provision (GMP) Reconciliation has been completed. The Pensions Lead Manager highlighted that a mini tender process was underway to obtain comparative quotes for a provider to carry out the next stage of the project.
- 2. It was stated that once the Pension Fund Committee will need to consider the approach to determine how any overpayments as a result of incorrect GMP information will be applied to pensions in payment. The Chairman suggested that a policy should be sought ahead of October when the reconciliation process is expected to be completed. The Head of Pensions agreed to liaise with Legal to seek advice on the matter.
- 3. It was highlighted that the late production of annual benefit statements was reported to the Pensions Regulator (tPR) who has advised no further action will be taken.

4. The Pensions Lead Manager stated that improvement plans were in place to ensure all statements are issued well in advance and work in this area would commence in February 2018.
5. Members noted the progress and significant reduction of backlog casework where a total number of 183 cases have been cleared and only 67 cases are outstanding.
6. The Board were informed that the current Operations Manager and Process Owner would be leaving Surrey County Council by the end of April. Proposals were in place to approve two new management posts to replace these positions, focusing primarily on KPI performance and efficiency improvements through the application of technology.
7. Whilst reviewing the updated Improvement Project Plan, members requested officers to include any extensions to deadlines to show further progress beyond March 2018.
8. The Operational Support Lead Officer provided the customer complaints report update to the Board. It was noted that the complaints response performance levels had improved significantly. Officers reported that all complaints for quarter three had been resolved and there were none outstanding from this period.
9. Officers reported that monthly reviews were held to improve statistics and to analyse trends. Members sought more information on whether complaints were justified and whether any complaints were related to employers. The Board requested officers to provide a more detailed snapshot of the impact complaints recorded.

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

None

**Recommendations:**

The Board noted the content of this report and made the following recommendations;

- a) The Head of Pensions to liaise with Legal to review present options regarding the GMP reconciliation project to review an approach on overpayments ahead of completion of the project.
- b) Officers to apply and mark any extensions to deadlines on the Improvement Project Plan.
- c) Officers to provide a wider snapshot of complaints data to include the broader implications.

**10/18 REVIEW OF INTERNAL DISPUTE RESOLUTION CASES IN 2017/18 (QUARTER ONE) [Item 10]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pensions  
Jason Bailey, Pensions Lead Manager

**Key points raised during the discussion:**

1. The Pensions Lead Manager outlined that there were no first stage appeals and two second stage appeals were adjudicated in the third quarter where, in both instances, the second stage adjudicator rejected the second stage appeal.
2. It was noted that internal dispute resolution cases were mainly regarding ill health especially around eligibility.

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

None

**Recommendations:**

The Board noted the contents of this report.

**11/18 RISK REGISTERS 2017/18 (QUARTER 3) [Item 11]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pensions  
Jason Bailey, Pensions Lead Manager

**Key points raised during the discussion:**

1. The Board noted no changes to the Fund Risk Register and Administration Risk Register since the previous report update at its meeting on 12 October 2017.
2. There was a discussion around the potential failure to identify GMP liabilities which ultimately may lead to ongoing costs for the pension fund (A12). Members were advised that the deadline for the GMP reconciliation process was December 2018 and it was difficult to determine whether this deadline would be met.

3. Members commented on risk A13, the inability to respond to a significant event that can lead to prolonged service disruption, and asked officers when business continuity plans were last tested. The Pensions Lead Manager assured the Board tests were reviewed and carried out regularly. The Board further noted that key staff members have remote access and teams were based at two sites, allowing them to work at both locations.
4. The Board requested for further information around the IT element of business continuity plans and requested officers to provide a progress report on the migration to new servers and to identify what is critical.
5. Members commented on the changes to LGPS regulations and asked officers how these were communicated to members. Officers informed the Board that a pension newsletter was sent to active and deferred routinely. Officers agreed to circulate the newsletter to Board members in advance of dispatch.
6. Officers were recommended to include the Chair of the Local Pension Board and Pension Fund Committee as a mitigating factor to risk A8 as both bodies oversee the work of Pension Services and are capable of identifying any conflicting priorities.
7. Members expressed the view that the Fund Risk Register did not include sufficient discussion on 'pooling' and asked officers to consider further the risk in this area.

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

Officers to circulate the members' newsletter (active and pensioners) to the Board before dispatch.

Officers to provide an IT report detailing the progress of migrating to new servers and what issues have been identified.

**Recommendations:**

The Board noted the contents of the report and made the following recommendations;

- a) Officers to consider including the Local Pension Board Chairman and Pension Fund Committee Chairman to the Administration Risk Register as a mitigating factor for risk A8, conflicting priorities.
- b) The Head of Pensions to review the Fund Risk Register and to consider including further assessment of the pooling arrangement.
- c) GMP risk be increased to amber.

**12/18 ADMINISTRATION STRATEGY UPDATE (VERBAL UPDATE) [Item 12]**

**Declarations of interest:**

None

**Witnesses:**

Neil Mason, Head of Pensions  
Jason Bailey, Pensions Lead Manager

**Key points raised during the discussion:**

1. The Board noted that positive feedback was received from the consultation exercise regarding the Administration Strategy update and endorsed good engagement with employers.
2. It was highlighted where Pension services sought to introduce charges for penalties in relation to performance levels, employers responded that similar action should be taken if the Pension Fund did not meet their targets.
3. It was noted the Pension Fund Committee's approval on the Administration Strategy will be sought in June 2018.
4. The Board were asked to consider allowing HR directors to have representation on the Board. Members agreed engagement could be improved further and would review this going forward.

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

None

**Recommendations:**

The Board noted the verbal update.

**13/18 DATE OF THE NEXT MEETING: 27 APRIL 2018 [Item 13]**

To encourage maximum attendance the next meeting was rescheduled and will be held on Monday 23 April 2018.

Meeting ended at: 12.45 pm

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**Chairman**

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