

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.00 am on 23 April 2018 at County Hall, Kingston upon Thames, KT12DN.

These minutes are subject to confirmation by the Board at its meeting on 25 July 2018.

Members:

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

In attendance

Charlotte Morley, Cabinet Associate for Business and Property Services

14/18 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were no apologies to report.

15/18 MINUTES FROM THE PREVIOUS MEETING: 18 JANUARY 2018 [Item 2]

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

16/18 DECLARATIONS OF INTEREST [Item 3]

There were none.

17/18 QUESTIONS AND PETITIONS [Item 4]

There were none.

18/18 ACTIONS AND RECOMMENDATIONS TRACKER: APRIL 2018 [Item 5]

Key points raised during the discussion:

1. It was highlighted that upon members request training could be arranged and delivered by the Local Government Association (LGA).
2. It was noted that recommendations concerning asset allocation would be presented to the Pension Fund Committee at its next meeting in June 2018 and subsequently shared with the Board.
3. Officers advised that the additional voluntary contributions (AVC) arrangement was on the project plan and the Board would be presented with an update at its next meeting in July 2018.

4. The Board were informed that responses in relation to employer discretions had been disappointing. The Board reiterated its concerns on the matter, officers explained that they were exploring a range of options, including the engagement of an external contractor. A report would be submitted at the next meeting in July 2018.

Actions/ further information to be provided:

Officers to provide an update report on employer discretions detailing how the issue will be resolved and what resources would be employed to achieve this.

Officers to provide a project plan update on AVC arrangements.

Recommendations:

The Board noted its actions and recommendations tracker.

19/18 SUMMARY OF PENSION FUND COMMITTEE MEETING(S): 9 FEBRUARY 2018, 26 MARCH 2018 [Item 6]

Declarations of interest:

None

Witnesses:

Neil Mason, Head of Pensions

Key points raised during the discussion:

1. The Head of Pension introduced the report by summarising key highlights from the two Pension Fund Committee meetings held on 9 February 2018 and 26 March 2018.
2. It was noted that the meeting on 26 March 2018 was held to endorse the appointment of a Fund Actuary, Hymans Robertson.
3. It was further noted that the sequence of meetings was revised to allow the Local Pension Board to review items ahead of the Pension Fund Committee meetings, particularly the review of the risk registers.
4. It was highlighted as the market had had been doing well and the Pensions Fund was in a position to sell upside equity to protect downside equity to protect the Fund's value.
5. The Board asked how the administration identify and monitor members who are in danger members who are in danger of breaking the annual/lifetime allowance and incurring tax charge, officers agreed to report back at the next meeting.
6. It was noted that the Committee agreed that future risk registers to be initially reviewed by the Board and contained within the quarterly Board report to the Committee.

7. The Board were advised that the Fund's advisor John Harrison had been appointed as interim Chief Investment for Officer BCCP and that Anthony Fletcher was now representing the Fund as the Independent Advisor.
8. It was highlighted that a work was commissioned with True Cost in relation to a Carbon audit and an update report on this would be provided as the Committee's next meeting.

Actions/Further information to be provided:

Officers to report back at the next meeting on monitoring and advising members who are in danger of breaking annual and lifetime allowance.

Recommendations:

The Board noted the contents of this report.

20/18 ADMINISTRATION UPDATE: 1 JANUARY 2018 - 31 MARCH 2018 [Item 7]

Declarations of interest:

None

Witnesses:

Neil Mason, Head of Pensions
John Smith, Senior Advisor (Pension Fund)
Sue Grimstead, Pensions Ops Manager (Existing Work)
Natalie Wilton, Support Officer

Key points raised during the discussion:

GMP

1. It was noted that Stage 2 of the GMP reconciliation project was complete and Orbis was going through a procurement process to determine who would be engaged to perform Stage 3 of the process.
2. The Board expressed concerns with the time taken carrying out a mini tender, especially as the GMP reconciliation deadline was approaching on October 2018.
3. Officers noted Member concerns that dependants would need to be considered in the GMP reconciliation process as the implications can affect them too.
4. The Board requested a further update report on GMP reconciliation to be provided to assure Members that the project plan would be delivered despite the Pensions Lead Manager departure.
5. The Board was presented with an updated Pensions Plan (attached as an Annex to the main report) and requested officers to include firm dates to indicate when actions would be completed.

Complaints

6. Members were informed that 8 complaints were received in quarter 4 and were acknowledged within 5 working days. Officers advised that 1 complaint fell out of the standard cycle due to its complex nature.
7. The lessons learned from complaints were being addressed by updating procedures and improving documents and standard forms.
8. Members commended the Helpdesk as feedback suggested good service was being delivered in relation to complaints.

GDPR

9. The Board noted key work streams in progress to ensure compliance with the new GDPR legislation coming into effect on 25 May 2018 with regards to GDPR. The Board asked for a report on implementation at the next meeting.

CIPFA

10. The Board was presented with the CIPFA Benchmarking Report (attached as an Annex to the main report) and commented on the unduly low cost aspect of the service. The Board observed there were extended gaps in the report and partial omissions including actuarial costs, IT costs and statistics for quotations and leavers.
11. The Board also noted the absence of sickness absence comparison data and industry standard PI's target/achieved figures in the report.
12. Officers clarified that the report did not include data on the gender pay gap, however assured members this would be taken forward to CIPFA for future consideration.

Actions/ further information to be provided:

Officers to provide a follow up report on GMP reconciliation detailing the progress with stage 3.

Officers to provide firm dates when outstanding actions on the administration improvement plan will be complete.

Officers to provide further information and consider a greater level of comparison for future CIPFA benchmarking report.

Officers to provide an update on GDPR implementation at the next meeting.

Recommendations:

The Board noted the content of this report.

21/18 ADMINISTRATION PERFORMANCE REPORT: 1 JANUARY 2018 - 31 MARCH 2018 [Item 8]

Declarations of interest:

None

Witnesses:

Neil Mason, Head of Pensions

Sue Grimstead, Pensions Ops Manager (Existing Work)

Key points raised during the discussion:

1. It was noted that a robotics process automation had been developed and would address the red item regarding deferred status. Once implemented this would support and clear the backlog of cases.
2. Refunds were identified as an area that would be increased to reflect this. The report indicated that refunds was the only sensitive area requiring improvement and members suggested that the tolerance level should be increased to reflect this.
3. The Board expressed the view that the service should strive to aim towards the industry benchmark and match performance against CIPFA.

Actions/ further information to be provided:

Officers to report back on the 'tolerable' level on refunds processing.

Recommendations:

The Board noted the content of this report.

22/18 RISK REGISTERS 2017/18 (QUARTER 4) [Item 9]**Declarations of interest:**

None

Witnesses:

Neil Mason, Head of Pensions

John Smith, Senior Advisor (Pension Fund)

Key points raised during the discussion:

1. As per the Board's request at its meeting on 18 January 2018, it was highlighted that changes were made to the following risks;
 - a) A8, conflicting priorities (Orbis, SCC vs SPF, Pensions, pooling) leads to lack of overall strategy, confusion and missed opportunities.
 - b) A12, failure to identify GMP liability leads to ongoing costs for the Pension Fund.
2. The Board noted the inclusion of no additional risks.

3. Members suggested that the risk registers should incorporate a risk on GDPR as the new legislation coming into force had implications going forward.
4. Officers agreed to review risk 8 (Fund Risk Register - Financial failure of a Fund Manager leads to increase costs and service impairment) as Members expressed the view that the wording under mitigating actions was confusing.
5. Members highlighted that scores for risk 1, 2, 3 and 5 (Fund Risk Register) remained the same despite having mitigating actions to treat them. It was suggested that the action might be changed from 'treat' to 'tolerate'.

Actions/ further information to be provided:

None

Recommendations:

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

- a) Officers to consider including a risk on GDPR
- b) Officers to consider reviewing mitigating actions for risk 1, 2, 3, 5 and 8.

23/18 REVIEW OF INTERNAL DISPUTE RESOLUTION CASES IN 2017/18 (QUARTER 4) [Item 10]

Declarations of interest:

None

Witnesses:

John Smith, Senior Advisor (Pension Fund)

Key points raised during the discussion:

1. The Board received a summary of the appeals in 2017/18 (quarter four) and noted the submission of two first stage appeals and one second stage appeal.

Actions/ further information to be provided:

None

Recommendations:

The Board noted the content of this report.

24/18 TRANSITION PLAN: VERBAL UPDATE [Item 11]

Declarations of interest:

None

Witnesses:

Simon Pollock, Head of Business Operations

Robert Clarke, Head of Business Operations (North)

Key points raised during the discussion:

1. The Board were informed that a recruitment process was underway to fill the vacant position of the Pensions Lead Manager role. Officers advised that there were three potential candidates and a decision who to appoint would be considered the week commencing 30 April 2018.
2. The Board noted that the Head of Business Operations (North) was acting interim until the successful candidate was appointed to fill the Pensions Lead Manager position.
3. It was highlighted that this round of recruitment had proven difficult to find LGPS people.
4. It was further highlighted that the new appointment was within budget and was not increased.

Actions/ further information to be provided:

None

Recommendations:

The Board noted the verbal update.

25/18 ANNUAL SERVICE REVIEW AND CONTINUOUS IMPROVEMENT REPORT: VERBAL UPDATE [Item 12]

Declarations of interest:

None

Witnesses:

Simon Pollock, Head of Business Operations

Robert Clarke, Head of Business Operations (North)

Key points raised during the discussion:

1. The Board noted three areas of improvement for Pension Services these include assigning the right people in the right places, working through processes and reducing back log with technology.
2. The Head of Business Operations noted Members concerns with the absence of certain data in the CIPFA report and assured the Board this would be reviewed further.
3. Members also highlighted how the report reflected how the service was at the lower end of costs. Officers explained that the report was

not a complete reflection of work being completed and going forward would ensure there was more of a balance.

4. The Head of Business Operations expressed good work would continue and stated that the service had an opportunity to excel with new management in place.
5. Members further requested officers to provide revised completion dates for the improvement plan relevant to item 7.
6. The former Pensions Lead Manager was commended for his hard work and contribution by the Board and Service. Officers assured collaborative work would continue between Pension Services and the Pension Fund.

Claire William-Morris left at 12:18pm

Actions/ further information to be provided:

None

Recommendations:

The Board noted the verbal update.

26/18 TRAINING BULLETIN (QUARTER 4) [Item 13]

Declarations of interest:

None

Witnesses:

John Smith, Senior Advisor (Pension Fund)

Key points raised during the discussion:

1. The Board were presented with an outline of recent developments in pensions to help Members develop a broader understanding of the issues.
2. The Board expressed the view that the training bulletin was a useful summary and indicated the investment strategy as an area of focus for future training.

Actions/ further information to be provided:

Officers to consider providing Members with investment training.

Recommendations:

The Board noted the content of this report.

27/18 SURREY LOCAL PENSION BOARD FORWARD PLAN [Item 14]

Declarations of interest:

None

Witnesses:

Neil Mason, Head of Pensions

Key points raised during the discussion:

1. The Board were presented with its Forward Plan for the remainder of the calendar year.
2. It was noted following discussions with the Fund Actuary, progress has been made to develop an efficient way to charge employers.

Actions/ further information to be provided:

Officers to clearly identify and separate standing items from other items on the Forward Plan.

Recommendations:

The Board noted its Forward Plan.

28/18 EXCLUSION OF THE PUBLIC [Item 15]

Resolved: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

29/18 BORDER TO COAST UPDATE [Item 16]

Key points raised during the discussion:

1. There was a discussion around pension member representation as observers on the Border to Coast Pension Partnership (BCPP) Board, and were supportive of this being implemented.
2. It was subsequently reported that the Scheme Advisory Board is due to issue guidance on this matter. In addition, the BCPP Joint Committee on 24 March 2017 noted that this should be the subject of a future discussion. The Local board asked for information on the approach taken by other pools.
3. The Chairman agreed to take the meeting into Part 2 for this item.

Resolved: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

30/18 PUBLICITY OF PART 2 ITEMS [Item 17]

RESOLVED: The board agreed not to disclose the information relating to the the Part 2 item as it was commercially confidential.

31/18 DATE OF THE NEXT MEETING [Item 18]

The next meeting of the Local Pension Board will be held on 25 July 2018.

Meeting ended at: 1.05 pm

Chairman