

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 11 NOVEMBER 2021**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF
10 SEPTEMBER 2021**SUMMARY OF ISSUE:**

This report provides the Local Pension Board (the Board) with a summary of any Surrey Pension Fund Committee (the Committee) meetings held since the last meeting of the Board.

RECOMMENDATIONS:

It is recommended that the Board:

Note the content of this report and make recommendations to the Committee if appropriate.

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. The Committee met on 10 September 2021. This report provides a summary of this meeting and any decisions made.

Local Pension Board report

2. The Committee received the report from the Board (shown as Annexe 1).
3. The Board report provides a summary of administration and governance issues reviewed by the Board at its last meeting for noting or action by the Pension Fund Committee.
4. The Chairman of the Board presented the report, highlighting a number of key areas:

- a) That the Board supported the work of the Turnaround Programme and urged the Committee to look at the papers that went to the Board at its meeting of 5 August 2021, which were available online.
5. The Committee resolved the following:
- a) To approve the proposed change to the risk register, as noted in the Risk Register section of the report.

Forward plan

6. The Committee noted the 2021/22 Forward Plan for the Committee. The Forward Plan is included as Annexe 2.

Investment core beliefs and the United Nation's Sustainable Development Goals (UN SDGs)

7. At its meeting of 9 July 2021, the Committee agreed that dedicated information sessions be convened to allow further consideration of recommendations brought to the Committee at this meeting.
8. These meetings were conducted on 6 August 2021 and 3 September 2021 and resulted in the following recommendations being brought to the meeting of 10 September 2021:
- a) Approve the proposed revised Investment Strategy Statement.
 - b) Approve the proposed structure for a standalone Responsible Investment Policy and authorise a sub-committee of Committee members to be convened to work with officers, Minerva and the Fund's consultants and independent advisors to progress the drafting of a policy for future consideration.
 - c) Consider the following options in respect of the proposed internal transition of RAFI multi-factor and low carbon indexed equity assets with Legal and General Investment Management (LGIM) to the Future World Fund:
 - i- Switch from RAFI multi-factor and low carbon indexed equity assets to the Future World Fund and consider further possible changes as part of a future review of the investment strategy.
 - ii- Make no immediate switch from RAFI multi-factor and low carbon indexed equity assets to the Future World Fund until further possible changes have been considered as part of a future review of the investment strategy.
9. There was much debate on the options and concerns raised about both of the options. The concerns were mainly about timescale, strategy, costs and possible delays.
10. A motion was put forward that a decision be deferred until December 2021. The motion was lost with three voting for and five against.
11. The Committee resolved the following:
- a) To approve the proposed revised Investment Strategy Statement.
 - b) To approve the proposed structure for a standalone Responsible Investment Policy and authorise for a sub-committee of Committee members to be convened to work with officers, Minerva and the Fund's

consultants and independent advisors to progress the drafting of a policy for future consideration.

- c) That, in respect of the proposed internal transition of RAFI multi-factor and low carbon indexed equity assets with Legal and General Investment Management (LGIM) to the Future World Fund, to switch from RAFI multi-factor and low carbon indexed equity assets to the Future World Fund and consider further possible changes as part of a future review of the investment strategy within twelve months or sooner.

Company engagement and voting

12. The report summarised the various Environmental Social & Governance (ESG) engagements that the Fund, Local Authority Pension Fund Forum (LAPFF), Robeco, and Border to Coast Pensions Partnership (B2C) have been involved in.
13. The Fund is a member of LAPFF so enhances its own influence in company engagement by collaborating with other Pension Fund investors through the Forum. Robeco has been appointed to provide B2C's voting and engagement services so acts in accordance with B2C's Responsible Investment Policy, which is reviewed and approved every year by all 11 partner funds within the Pool.
14. The Committee resolved the following:
 - a) That ESG Factors were fundamental to the Fund's approach was confirmed as consistent with the Mission Statement through;
 - i- Continuing to enhance its own Responsible Investment Approach, its Company Engagement policy, and SDG alignment, referenced in the Investment Core Beliefs & SDG Mapping report.
 - ii- Acknowledging the outcomes achieved for quarter ending 30 September 2020 by Robeco in their Active Ownership approach and the LAPFF in its Engagement with multinational companies as at 30 September 2020. a working group had been set up to continue this work going forward, of which the Fund has chosen to participate in going forward.
 - b) That the LAPFF be invited to speak at a future meeting.
 - c) That the LAPFF information be circulated and attached as an appendix to future reports to the Committee.

Draft Annual Report 2020/21 and Statement of Accounts

15. The draft annual report and statement of accounts was presented to the Committee.
16. The Committee resolved the following:
 - a) That the Draft Annual Report with the Audited Pension Fund Accounts be approved for publication subject to audit approval.
 - b) That next year's report shows the year-on-year progress regarding the work undertaken by Mercer on reporting regarding the Taskforce for Climate Related Financial Disclosures (TCFD).

Draft 2022 valuation project plan

17. The draft 2022 valuation project plan was introduced.

18. The Committee resolved the following:
a) To approve the draft 2022 valuation project plan.

This issue is considered in further detail in a dedicated report to the Board.

Investment and funding report

19. The main findings of the report were that the Fund's value as at 30 June 2021 was £5.193bn and its liabilities were £4.684bn, making the funding level 110%.
20. Cash flow also remains positive. Half-yearly (quarters three-four) cash-flow is +£12,441,982.

Border to Coast update

21. The Committee noted the following:
a) Border to Coast Joint Committee (JC) meeting of 13 July 2021;
b) The proposed Border to Coast Climate Change Policy;
c) Developments in the alternatives investment proposition (series 2);
d) Developments in the property proposition.

CONSULTATION:

22. The Chairman of the Local Pension Board has been consulted on this repo

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

25. The Director of Finance, Corporate and Commercial is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

26. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

27. There are no equality or diversity issues.

OTHER IMPLICATIONS

28. There are no other implications.

WHAT HAPPENS NEXT

29. The following next steps are planned:

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

Contact Officer:

Neil Mason, Strategic Finance Manager (Pensions)

Consulted:

Local Pension Board Chairman

Annexes:

1. Board Report to the Committee meeting of 10 September 2021
2. Committee Forward Plan

Sources/background papers:

1. The revised Investment Strategy Statement
 2. The B2C website [Border to Coast Pensions Partnership](#)
 3. The B2C JC website [Browse meetings - BCPP Joint Committee - South Yorkshire Joint Secretariat](#)
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