

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE:** 18 FEBRUARY 2022**LEAD OFFICER:** ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,
CORPORATE AND COMMERCIAL**SUBJECT:** TURNAROUND PROGRAMME UPDATE**SUMMARY OF ISSUE:**

In July 2020 a pension "Turnaround Programme" was established to oversee the following:

1. Dissolution of the Orbis pension partnership between Surrey County Council (SCC) and East Sussex County Council (ESCC).
2. Reversion of pensions administration to the respective ESCC and SCC sovereign authorities.
3. Reevaluate the relationships with other pension administration customers.
4. Redesign the pensions function as an integrated Surrey Pensions Team combining administration with all other Fund activities.

This report provides the Surrey Local Pension Board (the Board) with an update on the Turnaround Programme.

RECOMMENDATIONS:

It is recommended that the Board:

Note the content of this report and make recommendations to the Surrey Pension Fund Committee (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. As a result of a review of the Orbis partnership between ESCC and SCC, it was recommended that management of pension administration revert to the sovereign control of both councils.
2. SCC retained legacy responsibility for managing the administration of Surrey fire fighters pension scheme, as well as 4 London Borough LGPS funds (Kensington & Chelsea; Westminster; Hammersmith & Fulham and

Hillingdon). After failing to agree on a revised pricing model, these have all now exited Surrey's management.

3. A pension Turnaround Programme was established with Phase 1 overseeing the dissolution of the Orbis pension partnership, along with reversion to sovereign authorities and London Borough fund relationships and Phase 2 overseeing the Organisation redesign. A three year roadmap has been developed as follows:



4. Phase 1 comprised the following six projects:
 - a) Dissolution of the Orbis pension administration.
 - b) SCC sovereign return.
 - c) ESCC sovereign return.
 - d) Systems procurement.
 - e) Exit of London Boroughs.
 - f) Exit of Surrey Fire and Rescue service (SFRS).

5. Phase 2 comprises the following workstreams:
 - a) Organisation re-design – ensuring the Surrey Pension Team has the right structure, processes and people to successfully achieve the vision, mission and ambition of the service.
 - b) People & Recruitment – to successfully manage the transition from the current structure to the new structure
 - c) Process & Technology – to ensure the right processes and technology are in place to successfully meet the vision, mission and ambitions of the service.
 - d) Culture & Training – to ensure the culture of the team enables the vision, mission and ambitions of the service to be met and there is appropriate training in place to support the new culture

- e) Communication & Engagement – to ensure effective communication and engagement with staff and relevant stakeholders throughout the programme.
6. This report provides an update on the progress of the Turnaround Programme, specifically in relation to the impact on SCC.
 7. The Chairman of the Pension Fund Committee and the Local Pension Board are provided with an update on the progress of the Turnaround Programme on a monthly basis.

Phase 1 programme update

8. Completed activity
 - a) Exits of 6 funds (ESCC, four London Boroughs and SFRS) now complete
 - b) All member data deleted (with the exception of Hammersmith & Fulham)
9. Planned activity:
 - a) Agreed remainder of EA2P queries for Hammersmith & Fulham
 - b) Post, scanning and ad hoc queries for Hammersmith & Fulham
 - c) Member data for London Borough of Hammersmith & Fulham deleted before 31st March 2022

Phase 2 programme update

10. Executive Summary:
 - a) All four leadership posts recruited to with Head of Investment & Stewardship joining on 28th February 2022
 - b) All internal recruitment completed by 31st January 2022
11. Organisational redesign update:
 - a) Completed activity this period:
 - i- Meeting with Business Operations to receive their response regarding how they believe they can meet each of the key requirements of the Surrey Pension Team.
 - b) Planned activity for next period:
 - i- Finalise Business Case to make the case for determining a way forward.
 - c) Risks/dependencies:
 - i- None for escalation
12. People and recruitment update:
 - a) Completed activity this period:
 - i- All leadership positions recruited to
 - ii- All internal recruitment completed
 - iii- Notice given to staff at risk of compulsory redundancy
 - b) Planned activity for next period:
 - i- Onboard Head of Investment & Stewardship
 - ii- Complete recruitment to vacant posts within the structure
 - c) Risks/dependencies:
 - i- None for escalation

13. Process and technology update:
 - a) Completed activity this period:
 - i- First workshop with Heywoods to value stream map the Death process has taken place
 - b) Planned activity for next period:
 - i- Workshop with Heywoods to value stream map the Transfer process
 - ii- Use outcomes from workshops to look at all remaining processes
 - c) Risks/dependencies:
 - i- Progress and completion of process mapping dependent on having the right subject matter experts involved

14. Culture and training update:
 - a) Completed activity this period:
 - i- Approach to induction for all staff, incorporating the new vision, mission and values of the Surrey Pension Team agreed and resource identified to create it
 - b) Planned activity for next period:
 - i- Finalise and roll out induction for all new and existing staff
 - ii- Identify approach for core Pensions training for all staff and process specific training on new processes
 - c) Risks/dependencies:
 - i- Resistance to change could undermine success of new culture.

15. Communication and engagement update:
 - a) Completed activity this period:
 - i- Bespoke workshops to support staff with preparing for interviews were well attended with positive feedback received.
 - ii- Dedicated pensions inbox remains open for staff queries.
 - b) Planned activity for next period:
 - i- Ongoing whole of Pensions meetings to take forward BAU priorities post consultation
 - ii- Work with newly appointed Communications Officer to refine approach to staff communication going forward including refresh of staff newsletter
 - c) Risks/dependencies: n/a

CONSULTATION:

16. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

17. Risk related issues have been discussed and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

18. The performance of the pensions function does present potential financial and value for money implications to the Pension Fund. The Turnaround Programme seeks to address this.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

19. 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

20. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

21. Equality or diversity issues are addressed in this report.

OTHER IMPLICATIONS

22. There are no other implications.

WHAT HAPPENS NEXT

23. The following next steps are planned:

- a) Further updates will be provided to the Chairman of the Board on a monthly basis and to the Board at its next meeting.

Contact Officer:

Neil Mason, Strategic Finance Manager (Pensions)

Consulted:

Local Pension Board Chairman

Sources/background papers:

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