

**SURREY COUNTY COUNCIL**

**PENSION FUND COMMITTEE**

**DATE: 17 JUNE 2022**



**LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL**

**SUBJECT: Business Plan 2021/22 Outturn**

#### **SUMMARY OF ISSUE:**

All Local Authority Pension Funds are recommended to approve an annual business plan in respect of the objectives required for the ensuing year. Business planning is regarded as an important tool, assisting in the identification of how service delivery can be maximised within resource constraints. This report sets out the outturn of the annual business plan for 2021/22.

#### **RECOMMENDATIONS:**

It is recommended that the Pension Fund Committee:

- **Note** the achievements and progress made with regard to the Business Plan objectives shown in respect of the 2021/22 financial year and approve the outturn report.

#### **REASON FOR RECOMMENDATIONS:**

A business plan is required by best practice in order to set relevant targets and monitor progress. Monitoring the outturn against the objectives set is an essential part of the planning and monitoring and outturn processes.

#### **DETAILS:**

##### **Background**

1. The Pension Fund Committee approved a business plan for 2021/22, identifying the key issues affecting the Pension Fund over the medium term and a timetable of activities needed to help achieve the strategic objectives. The business plan listed the investment process and pension administration tasks to be carried out during 2021/22, and the target date when these should be achieved.

##### **Outturn**

2. This report sets out the outturn results of the pension fund business plan implementation, setting out each individual action required (in line with the original approved business plan shown as Annexe 1) and the commentary of the outcome results of the year's work of the Pension Team.
3. *NB The transition to the new Surrey Pension Team means that some headings from the original Plan reflect the old structure.*

## Outturn: Overview

4. An overview of the key areas is presented below.

<b>Recent activity on turnaround and reorganisation of team</b>	Much of the activity of the team during 2021/22 was in preparation for the transition to the new Surrey Pension Team in Spring 2022. Some areas of the original plan have not yet been fully addressed pending the resources being available/assigned in the new team. Transition work of the turnaround team is ongoing.
<b>Responsible Investment agenda progressed</b>	The Responsible Investment approach has made good progress and documentation for consultation is being prepared.
<b>Investment performance and administration to be a focus</b>	Monitoring of performance is to be a renewed focus for the new Head of Investment & Stewardship.
<b>Revisions to risk approach underway</b>	The risk approach is undergoing a transition to align the identification, presentation and monitoring of risks more closely with the Surrey County Council approach. This will be done in a phased way.
<b>Training to be addressed</b>	While training activities are ongoing, it is recognised that a full training programme for Board and Committee members, Officers, employers and other stakeholders is required. This will be progressed once the new Training Officer is in post.
<b>Good progress on service delivery</b>	The successful transition of the London boroughs out of the sovereign administration of the team was achieved. Appropriate monitoring and achievement of KPIs remains a focus.
<b>Addressing areas identified by Internal Audit is a priority</b>	Internal Audit has been helpful in a number of areas identified for review by the team. Findings in the reports are acknowledged as priorities to be addressed.

## Outturn: Investment

5. In the last 6 months, further assets have been transferred to Border to Coast Pensions Partnership (BCPP) via the purchase of units in the BCPP Multi-Asset Credit Fund in October 21 and the Listed Alternatives Fund in February 2022. BCPP continue to work on product development for a global regional equity fund and a property fund.

6. The review of the passive portfolio resulted in the purchase of the Future World Global Equity Fund, reducing exposure to the coal and controversial weapons industries and tilting the portfolio towards companies with a higher ESG score. The balance of the passive portfolio will be considered in the Investment Strategy Review.
7. The Investment Strategy Statement (Sep 2021) and the Asset Allocation (Dec 2021) were both updated and approved by the Pension Fund Committee.
8. The Responsible Investment (RI) Policy has been developed and reviewed in a number of RI sub-committee meetings. The policy is now set to be approved by the Pension Fund Committee and finally agreed after consultation period with employers and members.

## **Outturn: Accounting & Governance**

### *Funding*

9. Employer related activities were undertaken during 2021/22 with funding statements provided as required. The TUPE process was reviewed and a revised process for production of legal documentation implemented.
10. The 2022 Valuation process is underway and will be the subject of separate updates.
11. Production of integrated cash flow analysis to include forecasts of investment cash calls remains outstanding.

### *Governance*

12. Relevant statutory returns have been submitted and responses made to consultations.
13. A number of administration areas were addressed during the year. A light touch review of disaster recovery and cyber security was undertaken in March – this remains an area for further review in 2022/23.
14. The risk approach is undergoing a transition to align the identification, presentation and monitoring of risks more closely with the Surrey County Council approach.
15. A full review of policies and processes is required and this will be a focus for the new Governance Manager in due course.
16. Training is noted as an area for further development – and a full programme will be established once the new Training Officer is in post.

## **Outturn: Service Delivery**

17. Annual Benefit and Annual Allowance Statements were issued within the statutory deadline and reported to Local Pension Board at the November 2021 meeting.
18. The service performance against KPIs, complaints, IDRs and progress against key work items were provided regularly throughout the year to the Senior Leadership Team and the Local Pension Board.
19. The scheme members' and the Pension Fund websites were re-designed during the year. Employer and scheme member communications were issued in line with the scheduled timetable.
20. Data quality checks and corrections were undertaken in line with a data improvement plan. Extensive data validation was undertaken as part of the Pension Fund Valuation preparation.
21. Specific regulatory projects of McCloud, GMP rectification, GMP equalisation and Goodwin are ongoing. Work for McCloud will continue as regulations covering the McCloud remedy are not expected until autumn 2023. GMP rectification is due to be completed by late summer 2022. The small numbers of cases affected by the Goodwin judgement and GMP equalisation will be absorbed into "business as usual" once the regulations and actuarial guidance is available.

### **CONSULTATION:**

22. The Chairman of the Pension Fund Committee has been consulted on the outturn report and has offered full support in respect of the achievements, and with regard to specific areas where progress is still ongoing.

### **RISK MANAGEMENT AND IMPLICATIONS:**

23. Risk related issues are specifically discussed within the report where relevant.

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

24. Financial and value for money issues are specifically discussed within the report where relevant.

### **SECTION 151 COMMENTARY**

25. The Section 151 Officer is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed within the outturn report, and that the document will provide the Committee and officers with a useful update as to the achievement of the business plan's objectives, and a useful tool for the monitoring of progress.

## **LEGAL IMPLICATIONS – MONITORING OFFICER**

26. There are no legal implications or legislative requirements associated with this report.

## **EQUALITIES AND DIVERSITY**

27. The outturn report will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

## **OTHER IMPLICATIONS**

28. There are no potential implications for council priorities and policy areas.

## **WHAT HAPPENS NEXT:**

29. The following next steps are planned:

- Continuation of the current year's work programme.
- Progress monitoring will take place and, if necessary, matters will be discussed at future Committee meetings.
- Full programme for calendar 2023 to be established in due course

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### **Contact Officer:**

Neil Mason, Assistant Director, LGPS Senior Officer

### **Consulted:**

Pension Fund Committee Chairman

### **Annexes:**

Annexe 1 – Schedule of 2021/22 actions and outturns

Annexe 2 – 2022 Surrey Pension Team schedule of activity

### **Sources/background papers:**

None

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