

**SURREY COUNTY COUNCIL****SURREY PENSION FUND COMMITTEE****DATE: 8 SEPTEMBER 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: INVESTMENT BENCHMARKING****SUMMARY OF ISSUE:**

The Fund's investment returns and associated costs should be considered in relation to other pension funds, both private and Local Government Pension Schemes (LGPS).

**RECOMMENDATIONS:**

It is recommended that the Committee:

1. Accept the report by CEM Benchmarking.

**REASON FOR RECOMMENDATIONS:**

The Committee should review the Fund's returns and costs against other funds to establish value for money of the Fund for all stakeholders.

**BACKGROUND:**

1. In order to carry out a benchmarking process of the Fund's investment returns and costs, CEM Benchmarking has been appointed to analyse the data and produce a report.

**DETAILS:**

2. CEM Benchmarking are the Fund's investment benchmarking consultant and have comparative data stretching back a number of years.
3. Unfortunately, data was not provided to CEM for the year 2020/21 due to covid working conditions and resources available.
4. The Committee meeting slides are in Annexe 1 and the full report from CEM Benchmarking, Part 2, can be found in Annexe 2.
5. In summary, the overall investment fees for the Fund are slightly higher than the peer group when adjusted for asset mix. The relatively high asset allocation to private markets within the Fund drives costs up as these products carry significantly higher fees compared to others, but there is mitigation from the exposure to low fee passive products from Legal and General Investment Management (LGIM). However, the Fund pays less than peers for like for like assets.
6. Detail and other key takeaways can be found in the full report in Annexe 2.

### **CONSULTATION:**

7. The Chair of the Pension Fund Committee has been consulted on this report.

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

8. The consideration of risk related issues, including investment, governance, and reputational risk, are an integral part of this project and will be considered as part of the project development.

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

9. Benchmarking the Fund's investment returns and costs relative to other funds produces data relevant for value for money considerations.

### **DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL**

10. 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**

11. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY**

12. There are no equality or diversity issues.

### **OTHER IMPLICATIONS**

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

### **WHAT HAPPENS NEXT**

14. CEM Benchmarking have been commissioned to carry out benchmarking analysis for the Fund's investment returns and costs for the year 2022/23.

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#### **Contact Officer:**

Lloyd Whitworth, Head of Investment & Stewardship

#### **Consulted:**

Pension Fund Committee Chair

#### **Annexes:**

1. CEM Benchmarking report slides – Annexe 1
2. CEM Benchmarking report – Annexe 2 (Part 2)

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

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