

SURREY PENSION FUND COMMITTEE REPORT



SURREY COUNTY COUNCIL

SURREY PENSION FUND COMMITTEE

DATE: 13 SEPTEMBER 2024

LEAD OFFICER: ANNA D'ALESSANDRO, EXECUTIVE DIRECTOR, FINANCE AND CORPORATE SERVICES

SUBJECT: SUMMARY OF THE LOCAL PENSION BOARD

SUMMARY OF ISSUE:

This report provides a summary of administration and governance issues reviewed by the Local Pension Board (the Board) at its last meeting (26 July 2024) for noting or actioning by the Pension Fund Committee (the Committee).

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Note the content of this report.
2. Make any recommendations to the Local Pension Board if required.

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 Committee with insight into the activities of the Board and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

DETAILS:

Glossary, Action Tracker, & Forward Plan

1. The Board considered the Action Tracker, Forward Programme of Works and the Glossary.
2. The Assistant Director, LGPS Senior Officer explained that a an additional meeting may be arranged to take an item on governance arrangements, both the Board and Committee would be consulted.

Summary of the Pension Fund Committee Meeting on 22 March 2024

3. The Chair of the Pension Fund Committee presented a summary of the Committee meeting held in June. The Chair highlighted a number of key issues, which included: - an additional meeting is to be scheduled to take an item on the governance review, which would need to be presented to full council for approval.
4. The Stewardship Code had been submitted to the Financial Conduct Authority and confirmation has recently been received that the Fund is now a signatory to the UK Stewardship Code.
5. Workshops are being arranged to consider investment beliefs and fiduciary duty in preparation for reviewing the Fund's investment strategy. A Board Member asked if Board Members would be part of the sub-Committee. The Assistant Director LGPS officer explained that the sub-committee was Members of the Committee but was happy to keep the Board updated.
6. A discussion took place around plans from the Government regards pension funds and their investments. The Government has signalled its intentions to undertake a review.

Surrey Pension Team Overview – Dashboard Update

7. The Assistant Director of the LGPS Senior Officer presented a report on Surrey Pension Team Overview - Dashboard Update, highlighting four keys' areas.
 - a) The value of the fund had increased
 - b) Progress had been made on resolving the legacy issues
 - c) Internal audit progress
 - d) A third pulse survey (Staff survey) has been issued for staff to complete. This feedback is fundamental to building the culture of the team and to drive and shape continuous improvements.

Change Management Update - Quarter 1

8. The Board received an update on the activities of the Change Management Team during the period April to June 2024. This included Communication, Learning & Development, and a Lunch and Learn session that was presented on neurodiversity. Three members of the of the Surrey Pension Team have commenced studying towards a qualification in pensions administration. Under the umbrella of Project Management and Transformation, progress has been made on the Digital Transformation strategy with initial efforts focused on digitisation of forms and two core administration processes.
9. The Senior Project Specialist provided the Board with an update on the ongoing projects, this included: -

- a) An update on the GMP reconciliation: officers were liaising with Aptia to get the issues resolved with the aim of completing the project by the end of February next year.
- b) McCloud was on track and currently being tested in the pension administration system, with more testing next week before going live.
- c) Lunch and Learn sessions were booked until November and had been well attended.

Service Delivery Overview

10. The Head of Service Delivery provided an update on performance for quarter one. The following items were highlighted:

- a) Service Delivery performance was down in some areas including retirements and survivors benefits and death grants
- b) An update on the legacy project
- c) Four cases have been received from the Pension Ombudsman, which is more than usual. This is due to the Pension Ombudsman increasing their resource and progressing with their backlog of cases
- d) GMP update -The team has re-engaged with the third-party supplier and was seeking to rescope this work to a new plan. Concerns have been raised that we might be in a similar situation as last year. This work needs to be completed before the Pension Increase next April.
- e) McCloud update – The system configurations have been implemented. There has been lots of testing around the bulk interface tools and calculations. This takes account of guidance from various bodies to aid the scenario testing.

11. The Board received five annexes to review and comment on: -

Title of Annexe	Summary of Annexe
Annexe 1	Provides an update on performance for this quarter, along with commentary explaining performance and any challenges faced in meeting the Service Level Agreements (SLAs).
Annexe 2.	Provides a comparative quarterly performance trend analysis.
Annexe 3	A summary of the most common categories of cases being terminated.
Annexe 4	Provides details of ten complaints received during this period.
Annexe 5.	Legacy Project Review of the cases completed.

12. A Member questioned the number of cases completed for retirements and transfers-in as stated in the performance report and on the dashboard as there appeared to be a 10% difference between the two. The Head of Service Delivery explained how the dashboard was stating cumulative percentages from multiple categories of cases added together.

MySurrey Unit 4

13. MySurrey financial system implemented in June 2023 remains an area of significant focus. The Board were provided with a detailed update which can be [read here](#).

14. The Chair explained how both Chairs of the Committee and Board have been working hard to support the team by stressing the urgency of resolving the issues and that several meetings had taken place. It had been agreed that both Chairs will meet regularly with pension officers to be kept updated of the situation.

15. The Assistant Director – LGPS Senior Officer explained how the Pension Fund has a duty to assess these issues and if material to report them to The Pensions Regulator (tPR).

16. The Regulator has helpfully set out criteria to follow when considering a breach of the legislation. One of the areas that the Regulator focuses on is the provision of annual benefit statements and the number of members impacted. Currently it was thought that a small number of members would be affected this year, and this is under review.

Risk Register Update 2024/25 Quarter 1

17. The Interim Head of Accounting and Governance presented a report which advised that the risk score has been reduced for Risk ID 11 whilst not reducing or diluting the focus of the team on making progress. Full details of the Risk Register are found in [Annexe 1](#). Ongoing issues previously reported relating to MySurrey Unit 4 remain an area of focus and therefore the risk score remains unchanged for Risk ID 16.

18. The Board was advised that the Investment & Strategy risks have not changed (Risk IDs 4 to 7). Target dates for Risk IDs 10B and 12B have been set and risks in Accounting & Governance and Service Delivery have been reviewed. A full review of the whole Risk Register will be undertaken by the Pension Senior Leadership Team (PSLT), and the updated position will be presented to the Board in November 2024.

	Work volume mismatch with operational capacity leading to backlogs
Risk ID	11
Score	9 > 6
Comment	Backlogs are receiving attention and are being addressed. Recent Industrial Action ballot was not successful.

Residual risk	While resolution of legacy issues is in progress, the risk score has been reduced.
---------------	--

Surrey Pension Team Business Continuity Plan

19. The Interim Head of Accounting and Governance gave a precis of the report which included the Business Impact Analysis (BIA) and Business Continuity Plan (BCP). The business-critical aspect of MySurrey is still to be added. The Board was asked to note the contents of the Surrey Pension Team Business Impact Analysis and the Business Continuity Plan.

Surrey Pension Fund Internal Audit Progress Report – Quarter One

20. The Principal Auditor provided the Board with an update on the work completed by Internal Audit in quarter One; this included an audit of iConnect. Further details can be found in Annexes A & B.

External Audit Update

21. The Interim Head of Accounting and Governance reported that the Audit and Governance Committee has now approved the audit plan for the Pension Fund.

Surrey Local Pension Board Annual Report 2023-24

22. The Interim Head of Accounting and Governance introduced the report, including Annexe 1 which summarises the activities of the Local Pension Board during 2023/24. The Board was asked to provide any comments. This report will be incorporated as part of the Pension Fund Annual Report to be submitted to the Scheme Advisory Board by 1 December 2024.

LGPS Update (Background Paper)

23. The Board received information on issues impacting the LGPS, the report highlighted four key points:

- a) Letter from the Minister for Local Government
- b) Abolition of Lifetime Allowance (LTA)
- c) McCloud Limited consultation
- d) Good Governance recommendations

24. The Assistant Director of the LGPS Senior Officer reported that the Fund has responded to the former Minister's letter to the Chief Executive and Section 151 Officer regarding pooling. It was agreed to circulate the response with Members of the Board and Committee.

25. The Governance Manager also informed the Board that Unison had a meeting on 17 July, and it was their intention to nominate a suitable candidate as a Member representative of the Board.



CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

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

LEGAL IMPLICATIONS – MONITORING OFFICER:

30. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

31. There are no equality or diversity issues.

OTHER IMPLICATIONS:

32. There are no other implications.

NEXT STEPS:

33. The following steps are planned:

- a) The Committee will receive further reports and continue to work with the Board where necessary and appropriate.

Contact Officer:

Colette Hollands, Head of Accounting & Governance

Annexes:

1. None

Sources/Background papers:

1. Quarterly Performance Summary– LPB 26 July 2024 – [Annexe 1](#)
2. Quarterly Performance Trend Analysis– LPB 26 July 2024 – [Annexe 2](#)
3. Terminated Case Summary – LPB 26 July 2024 – [Annexe 3](#)
4. Complaints Summary LPB 26 July 2024 – [Annexe 4](#)
5. Legacy Project Review – LPB 26 July 2024 – [Annexe 5](#)
6. Risk Register – Local Pension Board (26 July 2024 – [Annexe 1](#)
7. MySurrey Update -Local Pension Board (26 July 2024) [Annexe 2](#)

This page is intentionally left blank