



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: 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 Pension Fund Committee:

1. Note the content of 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.

DETAILS:

Background

1. CEM Benchmarking has been appointed to carry out a benchmarking process of the Fund's investment returns and costs.
2. The Committee meeting slides are in Annexe 1 and the full report from CEM Benchmarking, Part 2, can be found in Annexe 2.
3. Costs down and in line with peer group.
 - a) Investment cost fell from 78.4bp for 2021/2 to 75.1bp for 2022/3.
 - b) Investment cost of 75.1bp compares to the peer group of 74.8bp.
 - c) The peer group for comparison has expanded from 20 funds to 37 this year. Compared to the old peer group, the Fund's cost was 1bp less than the benchmark.

d) The Fund has a higher cost implementation style, offset by paying less than peers for similar assets.

4. Returns ahead of LGPS median.

a) 3-year net total return of 10.3% compared to the LGPS median of 9.7%.

b) Result reflects the positive asset allocation decisions.

5. Net value added positive but below the LGPS median.

a) 3-year net value added of 0.3%, below the LGPS median of 0.8%.

b) Result reflects the underperformance of some of the funds.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

EXECUTIVE DIRECTOR OF FINANCE & CORPORATE COMMENTARY:

9. 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:

10. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

11. There are no equality or diversity issues.

OTHER IMPLICATIONS:

12. There are no other implications.

NEXT STEPS:

13. The following steps are planned:

- a) CEM Benchmarking have been commissioned to carry out benchmarking analysis for the Fund's investment returns and costs for the year 2023/24.

Contact Officer:

Lloyd Whitworth, Head of Investment & Stewardship

Annexes:

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

Sources/Background papers:

None

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