

SURREY PENSION FUND COMMITTEE REPORT



SURREY COUNTY COUNCIL

SURREY PENSION FUND COMMITTEE

DATE: 21 MARCH 2025

LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER

SUBJECT: SURREY PENSION TEAM OVERVIEW – QUARTER 3 2024/25

SUMMARY OF ISSUE:

This paper is an overview of the entire service at a macro level. The Surrey Pension Team Dashboard is the primary vehicle for providing this overview. The dashboard covers the period October – December 2024. Further detail can be found in the individual papers.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Notes the content of this report.

REASON FOR RECOMMENDATIONS:

To provide an update to the Surrey Pension Fund Committee and stakeholders on the macro-Surrey Pension Team activities.

DETAILS:

Surrey Pension Team Dashboard

1. The dashboard can be viewed on slide 2 of Annexe 1.
2. The Surrey Pension Fund (the Fund) value has increased over 3 months, 1 year and 3 years. The last year saw the value increase by 11.6%, driven particularly by the strength of global equity markets. However, individual mandates have underperformed their specific benchmarks, leading to an under-performance of the Fund overall compared to these benchmarks. The growth in asset value, to £6.1bn, and a change in the discount rate have combined to drive the funding ratio up to 152%.
3. The KPI performance levels within Service Delivery have increased by 5% to 97% overall. All case types have exceeded their performance standard target levels and, in some cases, such as ill health retirement and transfers, have a 100% success rate.
4. The legacy case work as of 30th December 2024 has reached a 97% success rate. Remaining cases are pending a response from employers and will continue to be monitored.

5. Two internal audits were completed this quarter (Business Continuity Plan and overseas pensioner life certification), both of which received reasonable assurance ratings (both with 3 medium recommendations). There are two audits still to complete this year. One further audit (admission agreements) has been deferred and will be undertaken as part of the 2025/26 audits.
6. Contributions in this quarter are lower (Q3 £49.60m vs Q2 £57.80m) due to current unallocated receipts that will be reflected in Q4. Contributions out are higher this quarter (Q3 £71.90m vs Q2 £62.90m) because more members transferred out their accrued benefits and, on average, the cash value of those transfers was greater than the average in Q2.
7. The legacy reduction in Accounting and Governance is unchanged, at 82%. The outstanding legacy items will be cleared in this financial year as part of the 2024/25 Fund reconciliation.
8. The majority of the Change Management metrics are measured via the pulse staff survey, which was still live in December 2024. The results will be analysed in January 2025 and an update will be included in the next report. The metric for retention is measured monthly and, in this report, has declined slightly, i.e. 1 to 2 people have resigned. Overall, the Surrey Pension Team retention rate is very strong compared to the wider pension industry, which was at 15% in 2024.

Surrey Pension Fund External Audit Update

9. The Committee will recall receiving an update on the progress of the external audit of the 2023/24 Financial Statement at its last meeting. The completion of the Surrey County Council (including the Fund) audit of the financial statement was expected in February. Authority to sign off the financial statement was delegated to the Chair of the Audit & Governance Committee and the Council's Section 151 Officer. The external audit opinions for the audit of both the Council and Fund were issued on 28 February.
10. The audit opinion is unqualified however two items were specifically mentioned in the final Audit Results Report: in the review of the valuation of level 3 complex investments (private equity and pooled property investments), the auditor identified an understatement in the valuation of the Border to Coast private equity investments amounting to £14.991m due to timing differences of the information that was available to support the reported balance; and, the auditor identified a control weakness in respect of the journal authorisation process and establishing a separation of duties when processing manual journal amendments.

CONSULTATION:

11. The Chair of the Pension Fund Committee.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

13. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

LEGAL IMPLICATIONS:

14. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

15. There are no equality or diversity issues.

OTHER IMPLICATIONS:

16. There are no other implications.

NEXT STEPS:

17. The following steps are planned:

- a) The dashboard will continue to be updated on a monthly basis. Some of the metrics will be revised early in 2025.
- b) It will continue to be included in the LGPS Senior Officer's updates once every four weeks.

Contact Officer:

Neil Mason, Assistant Director – LGPS Senior Officer

Annexes:

1. Surrey Pension Team Dashboard – Annexe 1

Sources/Background papers:

1. None

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