

SURREY PENSION FUND COMMITTEE REPORT



SURREY COUNTY COUNCIL

SURREY PENSION FUND COMMITTEE

DATE: 21 MARCH 2025

LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER

SUBJECT: LOCAL GOVERNMENT REORGANISATION AND THE SURREY PENSION FUND

SUMMARY OF ISSUE:

The Government have approved for Surrey County Council (SCC) to be in the first wave of Local Government reorganisation (LGR). This paper considers the implications of LGR on the Surrey Pension Fund (SPF).

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Note the paper and work in consultation with officers in providing recommendations for Surrey's response to the government on LGR regarding the SPF.

REASON FOR RECOMMENDATIONS:

To ensure that the Committee is included in the formation of a response to LGR where matters are of consequence to the SPF.

DETAILS:

Background

1. The English Devolution White Paper, published on 16 December 2024 is the government's statement of its plans to reform local government. This includes a wide range of proposals on devolution but also plans for LGR, and changes to local audit.
2. In England, devolution is the transfer of powers and funding from national to local government. It means decisions are made closer to the local people, communities and businesses they affect. Devolution will include the creation of new strategic or combined authorities overseen by a directly elected Mayor across a large geography.
3. LGR is the process by which the structure and responsibilities of local authorities are reconfigured. The government White Paper states that unitary councils can lead to better outcomes for residents, save significant money which can be reinvested in public services, and improve accountability with fewer politicians who are more able to focus on delivering for residents.

4. If Surrey were to move to a unitary model, the county and district and borough councils would all dissolve and a new unitary council or councils would deliver all the services.
5. On 5th February 2025, the government confirmed that Surrey is on the accelerated programme for LGR. The government has asked Surrey to submit an interim plan by 21 March 2025, and a final proposal is due by 9 May 2025. The government will then make a decision on the best option for Surrey by Autumn this year.
6. All LGPS pension funds are hosted by an Administering Authority. The Administering Authority for the SPF is currently SCC.
7. LGR will mean that SCC will no longer be the administering Authority for SPF.

Implications of LGR for the SPF

8. LGR means that the SPF will need to be hosted by a new Administering Authority. There are three possible options:
 - a) One of the newly created Unitary Authority,
 - b) A newly created Mayoral Strategic Authority, or
 - c) A newly created Single Purpose Pensions Authority constituted as a Combined County Authority (CCA) under the Levelling Up and Regeneration Act 2023
9. Officers will consult with the Committee and all relevant stakeholders in compiling an options appraisal regarding these three alternatives, for inclusion in the May 9 submission to the government.
10. The submission to government requires the endorsement of SCC and the 11 Borough and District Councils in Surrey. It will then require the approval of the Secretary of State.
11. It is important to note that irrespective of the form it may take, the transfer to a new Administering Authority (AA) will require a substantial amount of focus, resource and time and will include the following:
 - a) The legislative transfer of the LGPS management and administration function from SCC to the new AA.
 - b) The transfer of all assets and liabilities in relation to the pension fund to the new AA.
 - c) The assignment of all contracts with third parties in relation to the LGPS function to the new AA
 - d) The transfer of SPF staff into the new AA.
 - e) The revaluation of the pension fund assets and liabilities relating to the existing and newly created authorities

- f) The redrafting of all LGPS and wider legislative compliance policies and procedures in respect of the new AA.

12. The timeline for LGR is as follows:

- 21 March 2025: Submission of interim proposal.
- 9 May 2025: Submission of final proposal.
- Autumn 2025: Decision of the government.
- May 2026: Elections for shadow Unitary Authority(s).
- Spring 2027: Elections for Unitary Authorities.
- Spring 2028: Elections for the Strategic Mayoral Authority.

CONSULTATION:

13. The Chair of the Pension Fund Committee.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

15. Any relevant financial and value for money implications will be considered in the response to the government consultation. The cost of the resources necessary 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). Senior officers will continue to work closely with other officers of BCPP partner funds to ensure effective governance and assurance of administering authority responsibilities under the new pooling arrangement. addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER:

16. The County Council has delegated responsibility to the Pension Fund Committee for its statutory functions as the Administering Authority for the SPF. Any legal implications or legislative requirements will be considered in, in consultation with the Monitoring Officer.

EQUALITIES AND DIVERSITY:

17. There are no equality or diversity issues.

OTHER IMPLICATIONS:

18. There are no other implications.

NEXT STEPS:

19. Officers will consult with the Committee and all relevant stakeholders in compiling an options appraisal regarding these three alternatives, for inclusion in the May 9 submission to the government.
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Contact Officer: Neil Mason, LGPS Senior Officer

Annexes:

None

Sources/Background papers:

1. [English Devolution White Paper](#)