



Surrey Pension Fund



Our Mission:

“The Surrey Pension Fund will deliver a first-class service through strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community. Environmental, Social and Governance factors are fundamental to our approach which is underpinned by risk management, informed decision making, the use of technology and the highest standards of corporate governance”

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Chairman's statement



Chairman's Introduction



2019/20 has been a very busy year for Surrey Pension Fund with substantial growth in the number of employers in the Fund. Investment performance was marred by the immediate effects of the Covid-19 global

pandemic. The value of the Fund at 31 March 2020 had decreased to £3.8bn (pretty much the bottom of the market but has since increased to £4.3 bn at the time of writing. The funding level only decreased by to 93% at end March but has since improved to 97%. The number of employers in the fund is now over 300 and we service over 111,000 members.

Changes in the Investment Strategy

The Fund has continued with its total overhaul of its investment strategy to ensure a fully diversified portfolio, appropriate to the Fund's long term objectives having regard to the fund's size, the opportunities presented by pooling with BCPP, and the minimisation of risk. This has involved further adjustments in asset allocation which we expect to improve performance.

Investing Responsibly

The Fund continues to take an increasingly active role in ensuring it invests with due attention to our environmental, social and governance (ESG) responsibilities. Our focus remains on maintaining appropriate investments having every regard to Climate Change implications and our responsibilities in helping maintain a sustainable world. We believe that our ESG objectives are best served by engagement so, in addition to the commitments in our own investment

strategy statement, the Fund is a party to the BCPP Responsibility Investment Policy and a member of the BCPP Climate Change Working Party. The Fund also offers its full support to the Local Authority Pension Fund Forum as well as BCPP's Engagement Lead, Robeco. More widely the Fund is signed up to the Taskforce for Climate Related Financial Disclosures (TCFD) and will begin to report against these disclosures for this 2019/20 Annual Report.

Furthermore in March the Fund embarked on a study to review and align its strategy with the relevant United Nation's Principles for Sustainable Growth the results of which will inform our strategy in 2020/21.

Investment pooling within the LGPS

Surrey Pension Fund continues to make methodical and carefully considered progress towards pooling the Fund's assets with other LGPS funds in the Border to Coast Pensions Partnership (BCPP). Most of our Global Equity holdings were successfully transitioned in November 2019.

The Committee is prudent in ensuring that the BCPP sub funds provide the asset class and mix to suit the fund's investment strategy. Border to Coast operates investment funds for its Partner Funds to invest in based on their strategic asset allocations. The assets under management across the twelve Partner Funds total approximately £46 billion.

Funding Strategy

Our successful funding strategy remains basically unchanged although following the 2019 triennial valuation we have introduced customised investment strategies for employers with specific requirements.

Management

Covid-19 has had a major effect on all office working practices. In these very difficult circumstances Neil Mason and his team have been outstanding over the year in maintaining continuity and dealing with the increasingly heavy work load and I cannot praise them enough for their dedication and commitment.

Tim Evans
Chairman of the Surrey Pension Fund
Committee

Members and Advisors



Membership of the Pension Fund Committee




The current membership of the Pension Fund Committee is as follows:


	<p>Tim Evans: Chairman Party: Conservative Borough and District: Spelthorne E: tim.evans@surreycc.gov.uk T: 01932 785138</p>
	<p>Ben Carasco: Vice Chairman Party: Conservative Borough and District: Woking E: ben.carasco@surreycc.gov.uk T: 07733 307525</p>
	<p>John Beckett Party: Residents Association Borough and District: Epsom and Ewell E: john.beckett@surreycc.gov.uk T: 020 8393 8208</p>

	<p>David Mansfield Party: Conservative Borough and District: Surrey Heath E: david.mansfield@surreycc.gov.uk T: 01483 799328</p>
	<p>Hazel Watson Party: Liberal Democrats Borough and District: Mole Valley E: h.watson@surreycc.gov.uk T: 01306 880120</p>
	<p>Ruth Mitchell Party: Conservative Borough and District: Elmbridge, Hersham Village E: rmitchell@elmbridge.gov.uk T: 01932 220557</p>
	<p>Tony Elias Party: Conservative Borough and District: Tandridge E: Cllr.tony.elias@tandridgedc.gov.uk T: 01883742685</p>

	Philip Walker Employee & Pensioners Representative
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Membership of the Local Pension Board

	<p>Nick Harrison: Chairman Party: Residents' Association and Independent Borough and District: Reigate and Banstead E: nicholas.harrison@surreycc.gov.uk T: 01737 215405</p>
	<p>Graham Ellwood: Vice Chairman Party: Conservative Borough and District: Guildford E: graham.ellwood@surreycc.gov.uk T: 07899 846626</p>
	<p>Paul Bundy Head of Finance Surrey Police E: Paul.Bundy@surrey.pnn.police.uk</p>
	<p>David Stewart Surrey LGPS Members</p>

	<p>Trevor Willington Surrey LGPS Members</p>
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Officer Contact Details

	<p>Leigh Whitehouse Executive Director of Resources (s151 Officer) E: leigh.whitehouse@surreycc.gov.uk T: 020 8541 7012</p>
	<p>Anna D'Alessandro Director, Corporate Finance E:anna.dalessandro@surreycc.gov.uk T: 07885 434034</p>
	<p>Neil Mason Head of Pensions E: neil.mason@surreycc.gov.uk T: 020 8213 2739</p>
	<p>Steve Turner Professional Advisor - Mercer E: steve.j.turner@mercer.com T: 01483 777035</p>

	<p>Anthony Fletcher Professional Advisor - Independent E: Anthony.Fletcher@MJHudson.com T: 020 7079 1000</p>
	<p>Gemma Sefton Fund Actuary T: 0141 566 7568 E: gemma.sefton@hymans.co.uk</p>

Bankers	HSBC
Fund Managers	<p>LGPS Pool: Border to Coast Pensions Partnership</p> <p>Baillie Gifford</p> <p>CBRE Global Investors</p> <p>Franklin Templeton Investments</p> <p>Legal and General Investment Management</p> <p>Majedie Asset Management</p> <p>Newton Investment Management</p> <p>Western Asset Management</p> <p>Aviva Investors</p> <p>Ruffer</p>
Global Custodian	Northern Trust
Legal Advisors	<p>Evershed (Pensions Law),</p> <p>Browne Jacobson (Legal Due Diligence)</p>
Private Market Managers	<p>LGPS Pool: Border to Coast Pensions Partnership</p> <p>BlackRock</p> <p>Capital Dynamics</p> <p>Goldman Sachs Asset Management</p> <p>Hg Capital</p> <p>Livingbridge Equity Partners</p> <p>Standard Life Capital Partners</p> <p>Pantheon Global Infrastructure</p> <p>Glennmont Partners</p> <p>Darwin Property Investment Management</p>
AVC Provider	<p>Prudential Assurance Company</p> <p>Equitable Life Assurance Society</p>
Auditors	Grant Thornton UK LLP



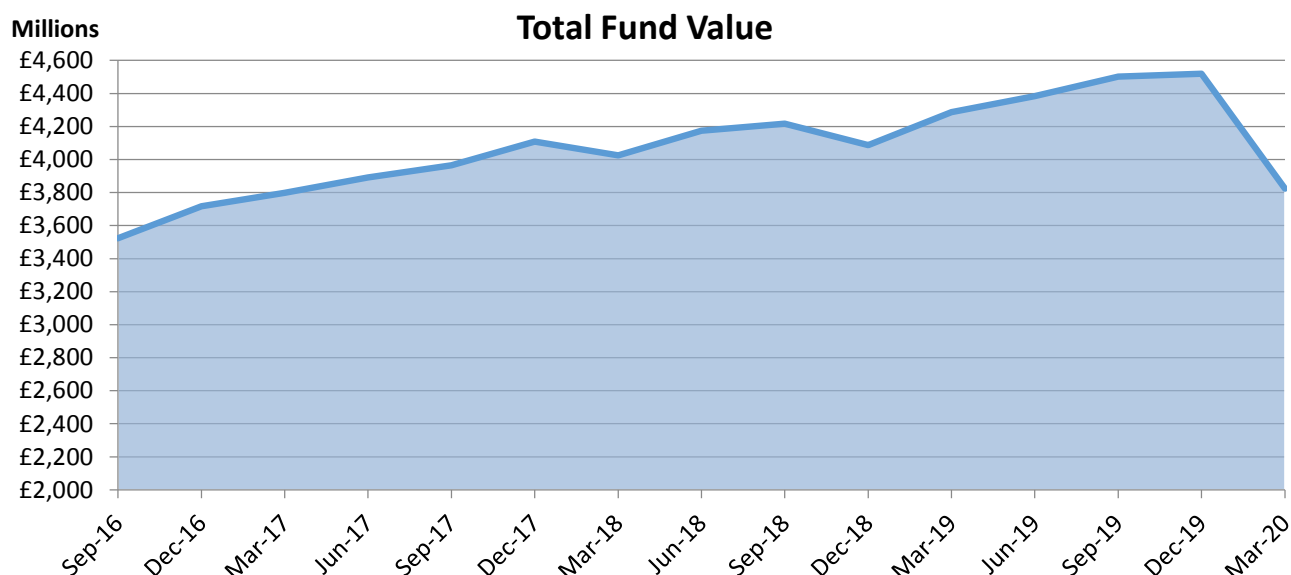
Overview



Overview

	2016/17 £000	2017/18 £000	2018/19	2019/20
Contributions and transfers	199,650	191,164	191,730	197,707
Less benefits and expenses	-157,645	-167,521	-176,248	-191,683
Net additions	42,005	23,643	15,482	6,024
Net investment income*	61,238	64,719	58,270	50,769
Change in market value	541,953	98,662	185,943	-512,885
Net return on investments	603,191	163,381	244,213	462,116
Net increase in Fund	645,196	187,024	259,695	456,092
Fund value at 31 March	3,868,859	4,055,883	4,315,578	3,859,486

*Net of Investment and governance expenses and tax withheld expenses



	31 March 2014	31 March 2015	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
Contributory Employees	32,530	32,851	34,072	34,298	35,802	34,292	35,458
Pensioners and Dependants	21,598	22,481	23,197	24,025	25,135	25,929	27,244
Deferred Pensions	30,639	33,833	34,158	41,573	45,079	49,874	48,612
Total	84,767	89,165	91,427	99,896	106,016	110,195	111,314



Pensions and Governance Summary



LGPS Scheme Details

On 1 April 2014, the new Local Government Pension Scheme (LGPS) came into effect, replacing the final salary scheme with a career average revalued earnings (CARE) scheme for future benefit accrual.

The new Scheme:

- has a normal pension age equal to state pension age (minimum age 65)
- gives a pension for each year at a rate of 1/49th of pensionable pay received in that year
- provides increased flexibility for members wishing to retire early
- allows members to pay reduced contributions as an alternative to opting out (though benefits build up at a slower rate)
- provides for previous years' CARE benefits to be inflation proofed in line with the Consumer Prices Index while the member is still paying in
- requires members to have at least 2 years' membership to qualify for pension benefits

Key LGPS Facts England and Wales

- Made up of 90 regional funds and 8 LGPS Pensions Pools
- Around 5.3 million members
- Total fund assets are £217 billion
- Total expenditure on benefits is over £9.4

Key LGPS Facts SCC

- Made up of 310 employers
- Around 111,000 members
- Total fund assets are £3.8 billion
- Total expenditure on benefits is over £176 million p.a.

The following pay ranges and employee contribution rates will apply from April 2020 as follows:

Actual Pensionable Pay	Contribution Rate
Up to £14,600	5.5%
£14,601 to £22,800	5.8%
£22,801 to £37,100	6.5%
£37,101 to £46,900	6.8%
£46,901 to £65,600	8.5%
£65,601 to £93,000	9.9%
£93,001 to £109,500	10.5%
£109,501 to £164,200	11.4%
£164,201 or more	12.5%

The regulations for the pre-April 2014 and post-April 2014 scheme are shown below:

Pre-2014: www.lgpsregs.org/timelineregs/Default.html

Post-2014: <http://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php>

More information on the LGPS can be found on pages 109 to 112.

The Fund is financed by contributions from employees and employers, together with income earned from investments. The surplus of contributions and investment income over benefits currently being paid is invested.

The pay bands above increase each April in line with increases in the Consumer Prices Index (CPI).

Employers' contribution rates are set following each Actuarial Valuation. A valuation of the Fund's financial position must be made every three years when the Actuary certifies the employers' rates payable until the results of the next valuation are known.

Under the Regulations employer contributions are determined in two parts.

- A common rate based on the existing and prospective liabilities of the Fund having regard to the circumstances common to all the participating employers and to the desirability of maintaining as nearly constant a rate as possible
- Individual adjustments arising from circumstances peculiar to an individual employer.

Pensions paid to retired employees, and benefits with a deferred payment date, are subject to mandatory increases under pensions increase legislation. The cost of inflation-proofing benefits is funded through the employers' contribution rate.

Governance Summary

Pensions Committee:

Responsibility and governance for the Pension Fund, including investment strategy, fund administration, liability management corporate governance is delegated to the Surrey Pension Fund Committee, which is made up of:

- Six nominated members of the County Council;
- Two representatives from the Borough/District Councils nominated by the Surrey Local Government Association;
- One representative from the external employers;
- One representative of the members of the Fund.

The Pension Fund Committee is advised by a representative of the Fund's professional investment consultant, an independent advisor, the Director of Finance and the Head of Pensions. The Pension Fund Committee meets on a quarterly basis.

Local Board:

The governance arrangements of the Local Government Pension Scheme are changing. From 1 April 2015 the Surrey Pension Fund Committee had been assisted in its management of the Surrey Pension Fund by a Local Pension Board made up from representatives of members and employers of the scheme.

The role of the local Pension Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the County Council as Administering Authority:

(a) to secure compliance with:

- I. the scheme regulations;
- II. any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
- III. any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.

(b) to ensure the effective and efficient governance and administration of the LGPS Scheme.

The Local Pension Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Local Pension Board will also help ensure that the Surrey Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator. The Local Pension Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions but should always act within its terms of reference.

The Local Board is made up of representatives of the employers and members within the Surrey Fund and that the representation between employees and employers should be equal. The terms of reference of the board outlines the constitution of members as follows:

Employer representatives

- 2 x Surrey County Councilors
- 2 x Other employer representatives

Member representatives

- 1 x GMB nominated representative
- 1 x Unison nominated representative
- 2 x Other member representatives

The first meeting of the year for the Local Pensions Board was the 18 July 2019. The Board papers and minutes of meetings, as well as those for the Pension Fund Committee, are available on the Surrey County Council website.

The annual report of the Local Pension board is overleaf.

Local Pension Board Annual Report



Welcome to the annual report of the Surrey Local Pension Board. We have used 2019/20 to continue to build on the good practice developed since our establishment in 2015.

The Board is a requirement of the Local Government Pension Scheme Regulations 2013, and its primary functions are to assist Surrey County Council in:

- its compliance with the LGPS Regulations, other relevant legislation and requirements imposed by the Pensions Regulator; and
- the effective and efficient governance and administration of the scheme.

The Board has exercised oversight of the activities of the Pension Fund Committee in relation to the results of actuarial valuations, changes to investment strategy and the continued implementation of the local government pension pools through the Surrey Fund's membership of the Border to Coast Pension Partnership (BCPP) pool. I participate in meetings with the other chairs of the Local Pension Boards in the BCPP pool, to exchange experiences, ideas and assess the progress of the pooling arrangements.

The Board has closely tracked the administrative performance of the Fund and its impact on member and employer experience, through quarterly KPI's and reports on projects, systems changes and broader changes in pension's legislation and best practice guidance. The Board has oversight of the Fund's risk management practices and risk registers.

Despite the Covid-19 pandemic, I would like to commend the Pension Fund team and the Pensions Administration team for their quick adaptation to working remotely, ensuring that the Fund's basic functions to pay Fund members' benefits are fulfilled and the continuation of business-as-usual for pensions operations. The Chairman of the Pension Fund Committee and I receive regular weekly updates from the Head of Pensions Administration aligning priority areas with the Pensions Regulator's advice and we are in regular receipt of the Coronavirus Risk Register.

The Board continues to meet some weeks before the Committee in order to provide effective oversight, and takes the lead in reviewing administrative performance and projects, the risk register, and reporting issues of concern to the Committee. The Board also reviews the activities of the Committee at each subsequent meeting, making comments back as required.

Over the year Tina Hood, Paresh Rajani and Katy Meakin have stepped down, and I thank them for their service.

The meetings of the Surrey Local Pension Board are held in public. We would always welcome anyone with an interest to attend and see how the Board operates. We are also open to suggestions from both employers and members about how it can best support them. Our 2019-20 Administration Performance Report can be found in Annex 2.

You can find out more by writing to the Board's supporting officer, at democraticservices@surreycc.gov.uk or phoning 0208 213 2782.

Nick Harrison
Chairman of the Surrey Local Pension Board

To secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.	How the Board does this:
a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	The Board and Committee receive regular updates regarding their respective activities. The Board and Committee are committed to working together. The Board receives updates on the Border to Coast Pension Partnership (BCPP) pool.
b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.	The Board has oversight of Pension Fund policies and processes. The Board reviews Key Performance Indicators (KPIs) for pension administration on a quarterly basis.
c) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	The Board reviewed employer pension discretions in July 2016, and have continued to monitor compliance over the past year. The Board received a report on Compliance with the Pensions Regulator's Code of Practice No. 14 at its meeting on 24 October 2019.
d) Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	This was reviewed as part of the Fund Annual Report on 24 October 2019, with specific policies also reviewed periodically in 2019/20 meetings. The Board will review these on an annual basis as part of the Fund Annual Report and as part of its Forward Plan.
e) Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	The Board was provided with an outline of the current communications channels for members and employers as part of a training session in October 2015. The Draft Communications Strategy was reviewed by the Board at its meeting on 24 October 2019.
f) Monitor complaints and performance on the administration and governance of the scheme.	The Board reviews complaints on a quarterly basis.

g) Assist with the application of the Internal Dispute Resolution Process.	The Board receives a quarterly update on the number of Internal Dispute Resolution Process cases and monitors any key themes emerging from these.
h) Review the complete and proper exercise of Pensions Ombudsman cases.	N/A – No current or outstanding Ombudsman cases to consider.
i) Review the implementation of revised policies and procedures following changes to the Scheme.	N/A – No changes. The Board is fully conversant on current proposed changes to the LGPS regulations through regular bulletins within the standing item Recent developments in the LGPS.
j) Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	<p>The Board will review its own training needs on an annual basis. A knowledge and understanding log is included in the Board's annual report.</p> <p>All Board members are required to complete the Pension Regulator Public Sector toolkit in order to comply with the Board's Attendance, Knowledge and Understanding policy.</p>
k) Review the complete and proper exercise of employer and administering authority discretions.	The Board received a report on discretions on 24 October 2019 and due to receive a Discretions Update Report in July 2020.
l) Review the outcome of internal and external audit reports.	The Board complies with Surrey County Council's agreed process for internal audit reports being considered by scrutiny boards. This means all relevant audit reports are circulated to the Chairman, and any report with one or more high priority recommendation will be considered for discussion at the Board. The results of any external audit are shared with the Board.
m) Review draft accounts and scheme annual report.	The Board received both the Draft Statement of Accounts and Fund Annual Report 2018/2019 on 24 October 2019.
n) Review the compliance of particular cases, projects or process on request of the Committee.	N/A
o) Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.	The Board receives a Breach of Law update as and when breaches occur, the last report was on 13 February 2020.

18 July 2019

- Summary of the Pension Fund Committee Meeting of 7 June 2019
- Internal Audit Report - Review of Surrey Pension Fund Administration 2018/19
- Administration Update (1 April 2019 to 30 June 2019)
- Administration Performance Report (Quarter One)
- Risk Registers 2019/20 (Quarter One)
- Surrey Local Pension Board Annual Report 2018/19
- Governance Review
- Additional Voluntary Contributions Governance Review (Interim) Report
- Review of Internal Dispute Resolution Cases in 2019/20 (Quarter One)
- Recent Developments in the LGPS
- Breach of Law Report (1 April 2019 to 30 June 2019)
- Border to Coast Update

24 October 2019

- Cyber Security
- Summary of the Pension Fund Committee Meeting of 13 September 2019
- Administration Update (1 July 2019 to 30 September 2019)
- Administration Performance Report (Quarter 2)
- Risk Registers 2019 (Quarter 2)
- Review of Internal Dispute Resolution Cases in 2019/20 (Quarter 2)
- Compliance with the Pensions Regulator's Code of Practice No. 14
- Draft Administration Strategy
- New Service Specification Between the Pension Fund and the Pension Administration Function
- Risk Management Policy
- The Pensions Regulator LGPS Cohort Report
- Investment Consultant Strategic Objectives
- Annual Report/Statement Of Accounts 2018/19

13 February 2020

- Summary of the Pension Fund Committee Meeting of 20 December 2019
- Administration Update (1 October 2019 to 31 December 2019)
- Administration Performance Report Quarter 3
- Risk Registers 2019/20 Quarter 3
- Recent Developments in the LGPS
- Breach Of Law 1 October 2019 to 31 December 2019
- Review of Internal Dispute Resolution Cases in 2019/20 (Quarter 3)

22 May 2020 (Informal - due to Covid-19)

- Summary of the Pension Fund Committee Meeting of 13 March 2020
- Administration Update (1 January to 31 March 2020)
- Administration Performance Report Quarter 4

- Risk Registers 2019/20 Quarter 4
- Recent Developments in the LGPS
- The Surrey Pension Fund Response to the Coronavirus Crisis
- Border to Coast Update

1. Surrey Local Pension Board Attendance and Training Log 2019/20

Members of the Local Pension Board

Name	Representing	Appointed	Appointment ended
(NH) Nick Harrison (Chairman)	Scheme employers	17 July 2015	N/A
(GE) Graham Ellwood (Vice-Chairman)	Scheme employers	14 June 2017	N/A
(PB) Paul Bundy	Scheme employers	17 July 2015	N/A
(TH) Tina Hood (Matravers)	Scheme members	29 January 2016	November 2019
(PR) Paresh Rajani	Scheme members	3 May 2016	18 July 2019
(DS) David Stewart	Scheme members	17 July 2015	N/A
(TW) Trevor Willington	Scheme members	17 July 2015	N/A
(KM) Katy Meakin	Scheme employers	25 April 2019	October 2019
(SK) Siobhan Kennedy	Scheme members	29 April 2020	N/A

Meeting attendance

Meeting date	In attendance	Apologies
18 July 2019	PB, GE, NH, TH, PR, DS	KM, TW
24 October 2019	PB, NH, DS, TW	GE, TH
13 February 2020	PB, NH, TW	DS, GE
22 May 2020 (Informal)	PB, NH, DS, SK	GE, TW

Compulsory training

Training	Attained
The Pensions Regulator Public Sector Toolkit	NH, PB, DS, TW
Local Government Association Fundamentals 1	NH, PB, DS, TW
Local Government Association Fundamentals 2	NH, PB, DS
Local Government Association Fundamentals 3	NH, PB, DS, TW

Additional training

Training	In attendance
26/06/2019 - LGPS - Annual Event	NH
06/08/2019 - Pension Fund Investment Training	PB

Publications distributed to all Local Pension Board members

Local Government Pension Secretariat bulletins	170-183
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The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) as a “financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board, but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme.”

A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility towards the Local Pension Board, such that it might be reasonably questioned whether the actions or decisions of that person are influenced by their own interests.

A conflict of interest would prejudice an individual’s ability to perform their duties and responsibilities towards the Local Pension Board in an objective way.

An example of a potential conflict of interest could be:

A Local Pension Board member may be required to review a decision which may be, or appear to be, in opposition to another interest or responsibility; e.g(s):

- a review of a decision which involves the use of departmental resource in the function of the Local Pension Board, whilst at the same time being tasked with reducing this departmental resource by virtue of their employment;
- a Local Pension Board member could also be employed or have an interest in either privately or as part of the Council in a service area of the Council for which the Local Pension Board has cause to review;
- an independent member of the Local Pension Board may have a conflict of interest if they are also advising the Scheme Manager.

Name	LGPS Member/ Employer Representative	Date of Appointment/ Termination (if applicable)	Relevant employment or positions held	In receipt of a LGPS pension?	State d Conflict with Employment?	Additional note	Other Conflicts of Interest
Nick Harrison	Employer	17/07/2015	Elected Member of Surrey County Council; Trustee director of a company pension scheme, DB Pension Fund Trustee Ltd.	No	No	Deutsche Bank itself has no role in relation to the Surrey Pension Fund and no role more generally in providing banking, investment or other services to Surrey County Council.	N/A
Graham Ellwood	Employer	14/06/2017	Elected Member of Surrey County Council; RI of Wilton Wealth Management Ltd	No	No	N/A	N/A
Paul Bundy	Employer	17/07/2015	Service Director Finance, Surrey & Sussex Police	No	Yes	Employed by an employer of the fund. If a conflict was to arise, this would be mitigated by the Board member removing himself from the discussion.	N/A
Tina Hood	Member	29/01/2016	GMB Branch Secretary Surrey County Branch County Hall	Yes	No	N/A	N/A

Paresh Rajani	Member	03/05/2016	Electrical Services Engineer, Neighbourhood & Housing Management Services, Guildford Borough Council; Unison representative	No	No	Employer not involved in financial business.	N/A
David Stewart	Member	17/07/2015	Shared Performance and Reward Manager (LBHF and RBKC), Shared Human Resources London Borough of Hammersmith & Fulham/Royal Borough of Kensington & Chelsea	Yes	No	Employer's pension services are administered by Orbis - this is actively managed by being recorded at every meeting, and any likelihood of conflict arising would be mitigated by the member removing himself from the discussion.	N/A
Trevor Willington	Member	17/07/2015		Yes	No	Employer not involved in financial business.	N/A
Claire Morris	Employer	17/07/2015 – 17/01/2019	Head of Financial Services and Deputy Chief Financial Officer, Guildford Borough Council	No	Yes	Employed by an employer of the fund. If a conflict was to arise, this would be mitigated by the Board member removing herself from the discussion.	N/A

Knowledge and Skills Policy

The administrators of the Surrey Pension Fund are committed to the implementation of the Code of Practice on public sector pensions finance knowledge and skills. The Pension Fund Committee has agreed the following knowledge and skills policy statement.

1. The Pension Fund Committee recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the responsibilities allocated to them.

2. It therefore seeks to utilise individuals who are both capable and experienced and it will provide/arrange training for staff and members of the Committee to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills

.

The members of the Committee are to partake in the CIPFA Knowledge and Skills Framework in order to identify areas where further training is required.

Communication Policy Statement

1 Communication Objectives

- To accurately communicate the provisions and requirements of the Local Government Pension Scheme (LGPS) to all stakeholders.
- To identify and meet all regulatory requirements regarding provision of information.
- To promote appropriate membership of the LGPS Scheme to employees of participating employers.
- To communicate clearly to all stakeholders their own responsibility for communication and information flows in relation to the Scheme, and work with these other parties to improve efficiency of communications.
- To ensure communications are made in a timely manner.
- To use a variety of means for communication, depending on the purpose and content of the communication, and recognising that different styles and methods will suit different stakeholders.

2 Stakeholders

The various stakeholders for the purpose of this communication policy are identified below:

- Active members
- Prospective members
- Deferred members
- Pensioners
- Employers

3 Website

The Pension Fund has an established website:

surreypensionfund.org

Method of Communication	Media	Frequency of issue	Method of Distribution	Audience Group (Active, Prospective, Deferred, Pensioner, Employer or All)
Scheme overview and joiner form	Paper based and on website	On commencing employment and by request	Via employer	Active and prospective
Scheme booklet and joiner pack	Paper based and on website	On joining the scheme and by request	Home address or via employer	Active and prospective
Factsheets	Paper based and on website	On request	Post to home address or email	Active and deferred
Newsletters	Paper based and on website	After material scheme changes	Via employer	Active and Pensioner
Annual benefit Statements*	Paper based	Annually	Post to employer or home address	Active and Deferred
Pension clinics/roadshows and drop-in events	Face to face	As requested by employer and employee	Via employer	Active and prospective
Pre-retirement Courses	Face to face	As requested by employer	Via employer	Active
Briefing reports	Paper based and electronic	Ad hoc	Email or hard copy	Employers
Formal dispute resolution procedure	Paper based or electronic	As and when a dispute arises	Email or hard copy	All
Investment Updates	Website	Quarterly	On request	Employers
Annual report and accounts	Paper based, electronic or website	Annually	Email or hard copy	All
Annual general Meeting	Face to face	Annually	Email invitation	Employers
Actuarial valuation Report	Electronic or website	Triennial	Email	All

Administration Strategy

The Surrey Pension Fund Pensions Administration Strategy can be found using the below link;

<https://www.surreypensionfund.org/media/1812/administration-strategy-v3.pdf>

Investment Report



Annual Investment Review

This report has been prepared by the Independent Investment Advisor to Surrey County Council Pension Fund (the Fund). At the request of the Pension and Investment Committee the purpose of the report is to fulfil the following aims: -

- Provide a review of the economic and market background over the 12 months to 31st March 2020.
- Provide an overview of market returns by asset class over the last 12 months.
- Provide an overview of the Fund's performance versus the Fund specific benchmark for the last 12 months.
- An overview of the outlook for markets and how this may impact the performance of the Fund.

Economic Background

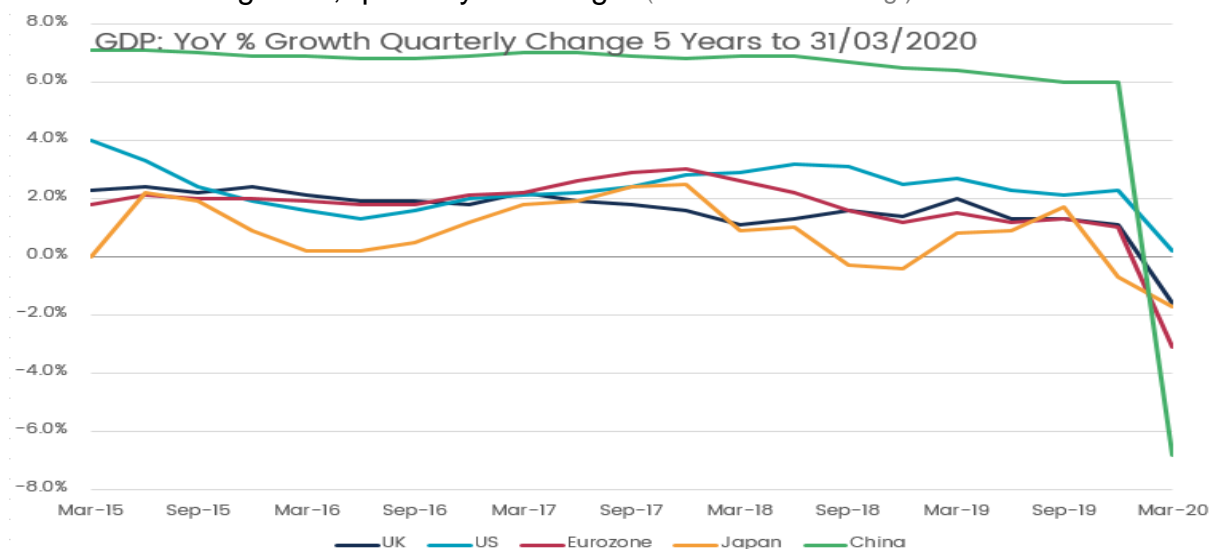
Surrey's financial year can be divided into two very contrasting periods; the first ten months pre – Covid 19, and February - March when the Pandemic was confirmed.

Over the first 9 months of the financial year to the end of December 2019 global economic growth, was slowing as the uncertainty caused by the protracted trade negotiations between the US and China took their toll on global trade and business sentiment. In January 2020 there were the first signs that growth could be about to improve with forward looking business sentiment indicators beginning to move higher. This change of direction for the global economy was largely explained by three factors. The decision of the central banks to confirm easier monetary policy was here to stay, the announcement of a trade deal between the US and China and increased levels of employment.

In the UK, the parliamentary deadlock over the Withdrawal Agreement was broken when the new Prime Minister, Boris Johnson, called a General Election for December 12th in which the Conservatives achieved an overall majority of 80. The strength of the victory removed a lot of political/parliamentary uncertainty for the next five years and potentially ten years. The UK withdrew from the EU on January 31st, although negotiations about the UK-EU trade deal are continuing during the transition period.

February and March 2020; initially, the coronavirus outbreak appeared to be limited to the city of Wuhan and other regions of China, but during February cases were being reported in other countries and in March it was officially confirmed as a Pandemic. One country after another closed large parts of its economy, restricted cross-border travel and confined residents to their homes. To assist the ailing economies, the US and UK central banks cut interest rates to almost zero and, along with the European Central Bank, resumed Quantitative Easing programmes. Governments hastily introduced massive fiscal injections to support companies, furloughed workers, the self-employed and small businesses. Separately, the oil market was thrown into turmoil on March 9th when Russia and Saudi Arabia failed to agree on production cuts, and the Saudis announced a sharp reduction in the oil price and an increase in daily production. The oil price fell by 60% in the first quarter of 2020.

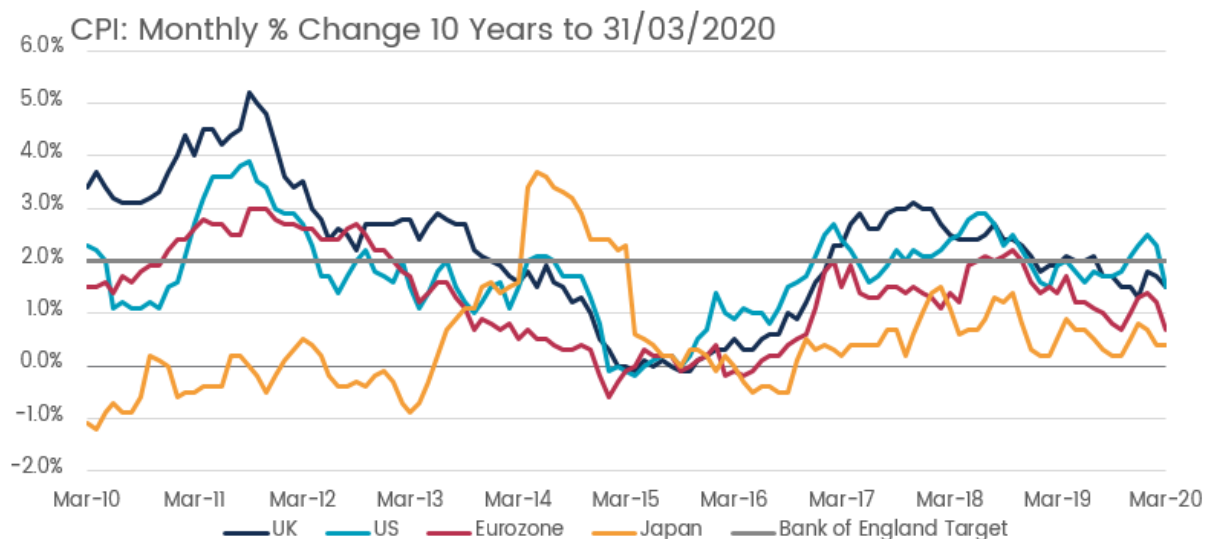
Chart 1: - GDP growth, quarterly % change. (Source: - Bloomberg.)



As can be seen in chart 1 above advance estimates of GDP in first quarter 2020 are sharply lower. It is likely that these estimates could be revised lower. Germany, France and Japan are already in recession having recorded negative growth in the fourth quarter 2019. It is clear that second quarter growth will be negative in most developed countries, meaning that the global economy is most likely already in recession. It is just possible that the global economy may not actually fall into recession because of the rapid rebound in activity seen in China and South East Asia.

Even before the Pandemic, inflationary expectations were being revised down on the weakness of growth and global trade. The fall in the oil price and the collapse of economic activity during lockdown and recovery is likely to keep aggregate inflation very low for some time. It is possible that supply shortages of some goods and food could cause hotspots of inflation, but the overall trend is for inflation to remain low for some time, because of the collapse in demand. As can be seen in chart 2, reported inflation in March has moved sharply lower.

Chart 2: - Headline CPI inflation and the Central bank target rate. (Source: - Bloomberg.)



Central Banks

Pre – Covid 19, the US Federal Reserve (Fed) helped by lower inflation, had already cut rates three times (from 2.5% to 1.75%) to help stabilise the markets in 2019. Prior to the Pandemic the Fed was expected to leave rates unchanged in 2020. However, the Fed and the Bank of England (BoE) along with many other central banks cut rates dramatically in March to try and offset the negative impact of the Covid 19 Pandemic. US rates now stand at 0.25% and in the UK at 0.1%, while it is under consideration, I do not believe the Fed or the BoE, will adopt negative rates as in Europe and Japan. I expect them to either increase QE further or adopt a strategy of “yield curve management” where they will seek to control the level of long dated yields just as they do the overnight rate.

Although it had been announced in December 2019, right in the middle of the Pandemic crisis on the 16th March, Andrew Bailey replaced Mark Carney as Governor of the Bank of England.

Global politics

Prior to Pandemic the political scene was dominated by the US - China trade negotiations. The last negotiation on this was in December 2019, with the signing of the Phase 1 trade deal, but there is still a long way to go before a comprehensive agreement will be reached. Mr Trump has blamed the spread of the virus on China, the WHO and any US state or local politician that did not agree with him or his policy suggestions on the spread or the severity of the Pandemic. He is of course seeking re-election as President in November this year, so needs the economy to recover quickly and for people to get back to work to improve his chances.

In the UK, post December's general election result, it looked as though politics would have more clarity with the single issue of the trade deal to negotiate with Europe before the end of the year. At the budget the new Chancellor did announce a substantial Fiscal expansion, but this was quickly dwarfed by the truly unprecedented measures announced to support the economy as the UK went into Lockdown.

Market Returns

Equity markets had risen by more than 10% from April to mid-February, with many developed market equity indices recording new “all-time highs”, but the sharp falls in March, induced by the Pandemic left the MSCI Global equity All Country World Index 5.3% lower on the year. While North America and Japan were each 2-3% lower, the UK was one of the weakest markets, with a decline of more than 18%. The high weight of Oil, Commodity companies and Banks and the relatively low weight of Technology companies in the UK equity market indices was major contributor to the relative performance. The renewed weakness of Sterling against most major currencies particularly in the first quarter of 2020 also impacted relative returns for Sterling based investors.

Markets rebounded strongly from the lows seen in the third week of March. At the end of May 2020, all equity market indices were higher, most having recovered at least 50% of their decline from the highs seen in late February.

Table 1, below shows the total investment return in pound Sterling for the major asset classes, using FTSE indices except where noted; for April and May 2020 and for the three and twelve months to the end of March 2020.

% TOTAL RETURN DIVIDENDS REINVESTED			
MARKET RETURNS			
	Period end 31 st March 2020		
	April and May 2020	3 months	12 months
Global equity ACWI [^]	16.7	-15.5	-5.3
Regional indices			
UK All Share	8.0	-25.1	-18.5
North America	19.2	-14.1	-2.3
Europe ex UK	13.5	-18.0	-8.0
Japan	12.3	-11.0	-2.2
Pacific Basin	12.4	-20.0	-14.1
Emerging Equity Markets	10.6	-19.0	-13.0
UK Gilts - Conventional All Stocks	3.0	6.3	9.9
UK Gilts - Index Linked All Stocks	9.8	1.6	2.2
UK Corporate bonds*	7.3	-5.6	-0.1
Overseas Bonds**	0.5	3.6	7.2
UK Property quarterly [^]	-	-1.3	0.9
Sterling 7 day LIBOR	0.01	0.14	0.7

[^] MSCI indices * iBoxx £ Corporate Bond; **Citigroup WGBI ex UK hedged

Global government bond markets also had a volatile year but ended the year with strong positive returns. US 10 year government bond yields stood at 2.49% in April and fell to yield 1.45% in the summer as the Fed cut rates, but with the phase 1 trade deal signed and the improvement in the economic outlook, yields were back up to 1.9% in January 2020. As a result of the Covid 19 lockdowns and the unprecedented monetary and fiscal easing the 10 year US Government yield on 31st March 2020 was 0.67%, only just above the “all-time low” of 0.54% recorded on the 9th March. The directional movements of other government bond markets mirrored those of the US, at the end of March 2020 the 10 year yield in the UK was 0.35%, Germany -0.46% and Japan -0.01%. The more economically sensitive corporate bond markets finished the year with negative returns as spreads widened on increased fears of default arising from the recession.

At the end March 2020, the Surrey Pension Fund was valued at £3,784 million, this represents a decline of £462 million, since 31st March 2019. The Fund achieved a total net investment return of -11.2% for the year, underperforming both the benchmark return of -8.1% and the target return of -7.1%. Over the last 3 years the Fund has achieved a total return of -0.8% p.a. which is lower than the benchmark return of -0.4% p.a. and behind the target return of +0.6% p.a. Over the year the “funding level” of the Surrey Pension Fund declined slightly from 96% to 93% assuming no material change in the liabilities.

Since the end of the financial year the strong performance of the equity and credit markets, means that the Fund’s value has recovered somewhat. The estimated value of the Surrey Pension fund at 30th June 2020 is £4,296 million, representing an increase of £512 million while some of this increase is a result of new money contributions to the Fund, the investment appreciation was £449 million or 12% higher than reported on the 31st March 2020.

The Fund declined in value by just over 11% in the financial year to the end of March. While this is disappointing, it does partly reflect the high weight of equity in the Fund, but it has also been partly caused by the disappointing performance of the DGF’s and the Funds return seeking bond fund managers which are seeking to diversify equity risks. As a long term investor, the Surrey Pension Fund can afford to look through the short term volatility and focus on the medium to long term. Despite the poor short term fund performance, the estimated funding ratio has only declined by 3% over the year.

Over the financial year there have been few changes in the Fund’s overall strategic and tactical asset allocations. BCPP Surrey’s pooling partner have on the other hand made significant progress on taking over the manager selection appointments for key allocations in the Fund. Following on from the takeover of responsibility for UK equity manager selection in November 2018. In the last 12 months BCPP have established a number of Private Market offerings to which Surrey has subscribed committed capital. These include a commitment to invest £50 million in Private Equity, and £100 million each into Infrastructure and Private Credit. The latter is a new investment for Surrey whereas the other commitments represent a continued allocation of funds to Private Markets. By

handing over responsibility to BCPP, Surrey has relieved itself of the burden of due diligence, lightened the governance load, widened access to opportunity and potentially increased the diversification of the Private Market portfolio.

In October 2019, Surrey passed responsibility for the management of the global equity assets managed by Marathon to the BCPP Global Equity Alpha Fund. This fund is managed by 4 different asset managers in 5 different strategies. It is designed to deliver benchmark +2% net of fees over the investment cycle. It is too early at this stage to make any meaningful comments about BCPP's performance but the first quarter of 2020 proved to be a difficult period for the fund. Surrey maintain Newton as its other active manager of global equity pending the design and development of a regional equity offering by BCPP. In the current financial year Surrey is also working closely with BCPP and other Partner Funds in the design and development of Multi-Asset Credit and Property offerings.

The Surrey Pension Fund's return for the financial year was dominated by the negative market returns experienced in the period from mid-February to the end of March 2020, most of the Funds existing strategies and managers produced absolute and relative negative returns as a result of the Covid 19 Pandemic. Looking at the whole of the year only the DGF strategies managed by Ruffer and Aviva produced small positive returns, along with the passive Index Linked Gilt fund and CBRE's property fund which just scraped into positive territory. Newton's global equity fund did significantly outperform the benchmark (-6.7%) and target (-4.7%) returns but on an absolute basis total return was -1.8%. As mentioned above equity and credit markets has recovered strongly in the early part of the new financial year going some way to improving the Funds overall long term performance.

The immediate outlook is for a recession in the developed economies and potentially the global economy. I have no greater insights into how the economy and securities markets will recover, than the alphabet soup of scenarios for the shape of the economic recovery V, U, W and worryingly L, shaped; set out by commentators. It is the path of progress of the virus, the rate of recovery in the actual data and how the support measures are removed, that will drive the securities markets over the coming months. The longer the restrictions on activity remain in place the worse the outcome.

If I allow myself to be optimistic, I believe that based on the pace of recovery seen in those countries like China that have been through the primary wave impact of the Pandemic and the lack of a meaningful second wave, something close to an ice hockey stick "V" shaped recovery could be seen, not least because people will want to get back to work, school, social activity and holidays. Having said that, the gradient of the road of recovery is dependent on the amount of activity and income or rent that has been cancelled rather than postponed; the degree of economic scarring and the reaction function (willingness to take risk) of Society, Government and Companies. I believe, therefore that it could be a couple of years before the aggregate level of economic activity gets back to where it was before the Pandemic and some sectors could be permanently damaged.

I believe that many of the themes that have been playing out in markets over the last few years could be accelerated by Covid 19. China has for some years been re-engineering its economy away from low value to higher value manufacturing, at the same time it is creating, for now, the largest consumer market on the planet. As a result, the growth of the influence of China is likely to continue to spread out across the region, further raising tensions with the USA. I believe the aggregate demographics still favour emerging markets and expect the “fulcrum” of global economic power will continue to shift East.

The very high levels of developed market Sovereign debt will be part of the new reality financed by lower for longer (lower forever?) central bank rates and QE policies. Although I may be wrong, I do not expect negative interest rates will be adopted as tool by the US Fed or the Bank of England. It would also seem reasonable to me that, in the short to medium term at least, that personal savings rates will increase as households judge that they need to be more resilient. Regulators and governments may also expect non-financial corporates, just as they did the financial sector after the GFC, to become more resilient. This potentially means lower dividends, more “cash” on balance sheets and thereby lower returns on capital.

The Developed world will increasingly be weighed down by debt and demographics, with lower aggregate levels of return. In general, Emerging markets should do better because of the development of their own domestic markets, creating consumption for themselves rather than for the developed countries, as a result trade in goods could become more regional. The trend away from traditional retail to increased e-commerce will continue.

Over the medium term the end of the recession and the recovery of economic activity marks the beginning of a new period of economic expansion that in the past has led to high returns from equity and corporate bond markets. As the investment cycle progresses, excess returns on equity and credit should become dominated more by stock selection and fund manager skill, favouring active management over passive and possibly private markets over listed market investments. The Fund’s partnership with BCPP will continue to develop and as the range of investment solutions increases the Surrey Pension Fund should be able to access a wider range of investment opportunities, which should help mitigate the risk and volatility of returns over the medium to long term.

Anthony Fletcher, Senior Adviser – MJ Hudson Allenbridge

Independent Investment Adviser to the Surrey Pension Fund.

July 2020

Investment Arrangements, Performance & Post Pool Reporting

The Fund is managed on both an active and passive basis.

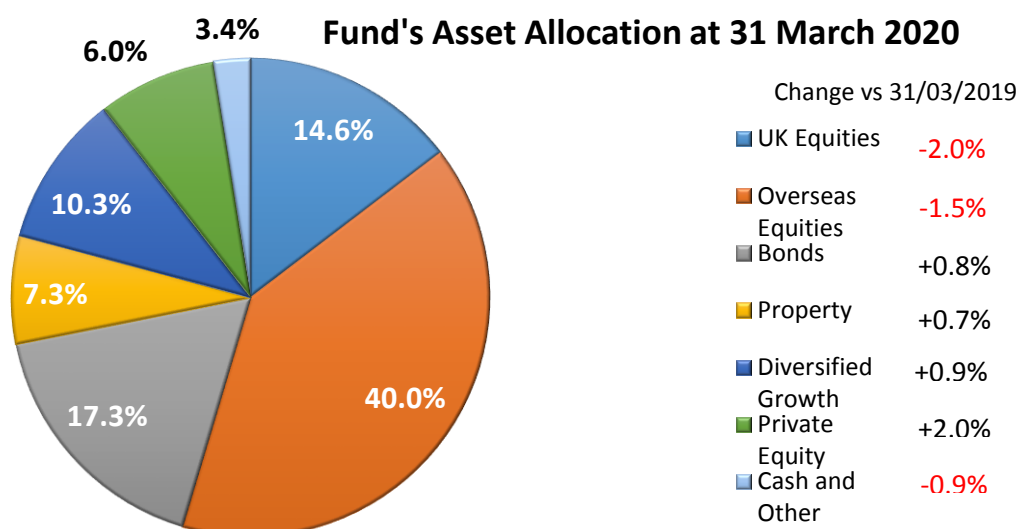
There are a number of external investment managers, who have been appointed to undertake day-to-day decisions on the allocation of investment between types of asset and choices of individual stocks within approved classes. They are required to take a long-term view, balancing risk against return and are remunerated on scales related to the value of funds under management and in certain cases for performance over and above benchmark return. Regular meetings are held with external managers to assess performance.

In addition the Fund has investments in private market funds managed by Blackrock, Goldman Sachs, Hg Capital, Living Bridge Equity Partners, Capital Dynamics, Standard Life Capital Partners as well as Infrastructure funds, Pantheon Access, a new clean energy infrastructure fund, Glennmont Partners and its Asset Pool, Border to Coast Pensions Partnership.

At 31 March 2020 the market value of assets under management was £3.4bn, excluding the private equity portfolio, internally managed cash, and residual cash held by the custodian. The proportion with each of the investment managers is shown below.

Portfolio Distribution

The distribution of the Fund investments into different asset classes within the portfolio at 31 March 2020 is shown in the below chart, with the prior year allocation shown in the table below. There has been a reduction in allocation to UK Equities with a target allocation of 17.4% of the whole portfolio (excluding cash), with the reduction offset by an increase in Overseas Equities. The Fund has also transitioned into its Global Equity Alpha Fund in September 2019 with Border to Coast Pensions Partnership



*Difference of 1dp in Cash Allocation above to table below due to rounding differences.

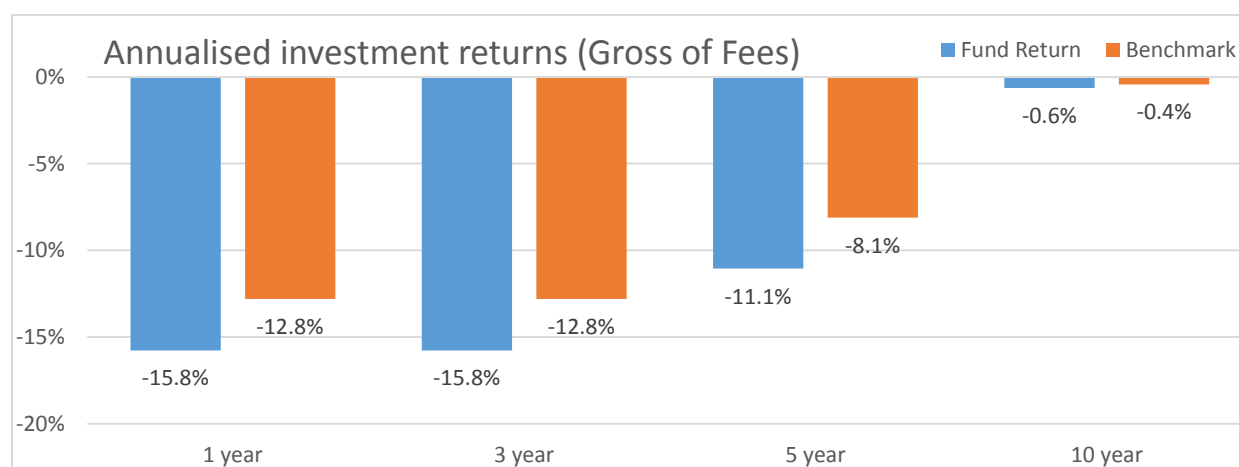
The chart below shows the investment breakdown by asset class over the last two years and the change in actual asset allocation over the year.

	Market Value as at 31 March 2019 £000	Actual Allocation 31 March 2019	Asset Allocation Target as at 31 March 2020	Market Value as at 31 March 2020 £000	Actual Allocation 31 March 2020	Movement in Year
Local Assets						
Fixed interest securities	495,283	11.55%	12.10%	445,047	11.64%	0.09%
Index linked securities	211,246	4.93%	5.50%	216,201	5.65%	0.72%
Equities	2,025,606	47.23%	36.20%	1,284,810	33.60%	-13.63%
Property unit trusts	283,240	6.60%	6.20%	275,396	7.20%	0.60%
Diversified growth	402,589	9.39%	11.40%	394,217	10.31%	0.92%
Private equity	255,964	5.97%	5.00%	305,912	8.00%	2.03%
Cash and other	150,519	3.51%*	0.00%	91,777	2.40%	-1.10%

Pooled Assets						
BCPP UK Equity Alpha	464,200	10.82%	12.00%	364,116	9.52%	-1.30%
BCPP Global Equity Alpha	0	0%	11.40%	446,212	11.67%	11.67%
Total	4,288,647	100.0%		3,823,688	100.0%	

Ten fund managers undertook the management of investments during 2019/2020 in a mix of passive and active investment. The Fund assesses investment performance against a customized benchmark provided by the Fund's custodian Northern Trust. This benchmark is derived from a series of investment indices weighted by the Fund's asset allocation. This allows the Fund to measure performance against a 100% passive allocation. Performance against target and benchmark is continually reviewed at regular intervals, as stated in the Fund's Investment Strategy Statement.

The graph below shows how the Fund performed against the benchmark, on an annualized basis, for the previous 1, 3, 5 and 10 year periods.



The fund recorded investment performance below that of the benchmark for the previous 12 months to 31 March 2020 as well as underperformance over the longer term 3 year period, shown in the above chart. The Fund had experienced quite a significant downturn in its investments as at 31 March 2020 mainly due to the adverse market impact of COVID-19. The performance returns are reported as at 31 March 2020, but the overall fund value had recovered since then.

The allocation as at 31 March 2020 for each fund manager are shown in the below table.

Investment Manager	Mandate	Market value 31 March 2019	Percentage of Funds Under Management as at 31 March 2020
		£000	
Active Funds Managed within Border to Coast Pensions Partnership (BCPP)			
Border to Coast UK Equity Alpha	UK Equity	364,116	9.8%
Border to Coast Global Equity Alpha	Global Equity	446,212	12.0%
Border to Coast Surrey LP	Private Markets	16,836	0.45%
Passive Funds Managed Outside of Border to Coast Pensions Partnership (BCPP)			
Legal & General Investment Managers	Multi Asset	960,741	25.7%
Active Funds Managed Outside of Border to Coast Pensions Partnership (BCPP)			
Majedie Asset Management	UK Equities	191,971	5.1%
Newton Investment Management	Global Equities	326,016	8.7%
Western Asset Management	Multi Asset Credit	379,937	10.2%
Franklin Templeton Investments	Unconstrained Fixed Income	65,110	1.7%
CBRE Global Multi Manager	Property	288,447	7.7%
Baillie Gifford Life	Diversified	147,141	3.9%
Ruffer	Diversified Growth	125,886	3.4%
Aviva	Diversified Growth	121,190	3.2%

Various	Private Markets	302,429	8.15%
Total Funds Under Management		3,736,032	

Transition of Assets onto Border to Coast Pensions Partnership (BCPP)

In 2015 the Department of Housing, Communities and Local Government (as it then was) issued LGPS: Investment Reform Criteria and Guidance which set out how the government expected funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale
- Strong governance and decision making
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure.

This has led to the creation of eight asset pools which have significantly changed the previous approach to investing, although it should be stressed that the responsibility for determining asset allocations and the investment strategy remains with individual pension funds. Surrey Pension Fund, along with 11 other funds, is now a partner fund of Border to Coast Pensions Partnership. Each Partner Fund had invested in Class A and B Shares at a cost (transaction price) of £1 and £833,333 respectively.

Some of the risks associated with LGPS Asset Pooling as a whole include:

- Less flexibility in terminating underperforming managers
- Conflicting strategic goals of different partner funds affecting funds on offer
- Lack of transparency in funds managed from pool, from Partner Funds

Assets transitioned in 2019/20

The Fund transitioned into Border to Coast's Global Equity Alpha Fund in September 2019 worth approximately £446m as at 31 March 2020.

Future Transition Plans

The Fund had also subscribed to BCPP's Alternative Investment offerings with £50m per year committed in Private Equity in May 2019, £100m per year committed in Infrastructure in June 2019, and a further £100m per year in Private Credit in September 2019. These funds are expected to generate savings in fees, as well as access to a wider range of investment opportunities within private markets. The Fund continued to make contributions in 2019/20 and will continue to do so as it reduces its allocation to Diversified Growth Funds.

In terms of future transition plans, The Fund expects to transition into BCPP's Emerging Market Equity Funds, Regional Equity Funds as well as its Multi Asset Credit Portfolio.

The Client Relations Team at Border to Coast Pensions Partnership can be contacted at crm@bordertocoast.org.uk

Transition Costs and Fee Savings

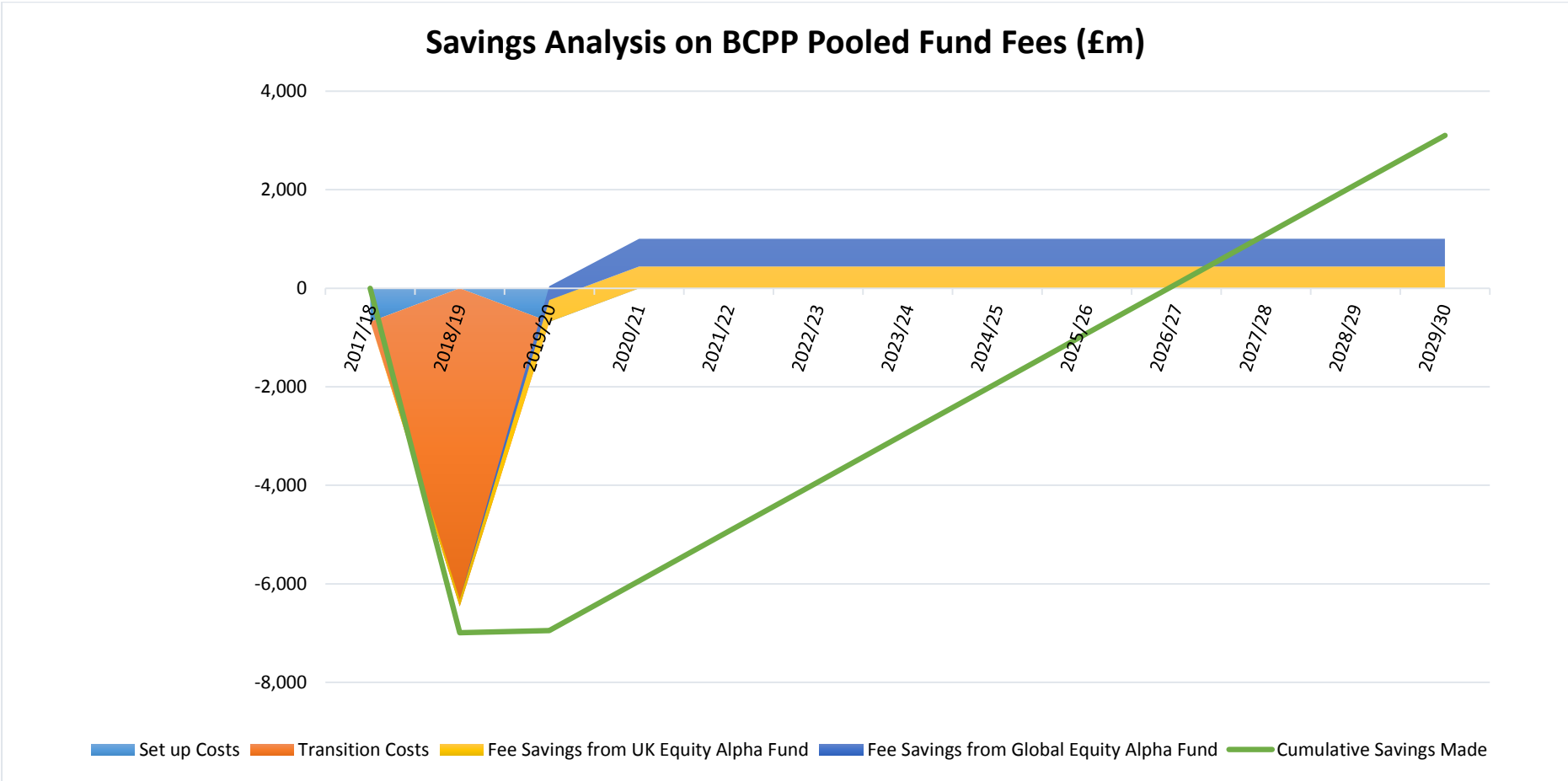
The initial transition costs are highlighted below with the expected savings from fee rates.

Pooling Costs 2019-20	Direct £000s	Indirect £000s	Total £000s	Cumulative £000s
Set up Costs:	335		335	1,014
Other Costs	345		345	558
Transition Costs				
Transition Fees		498	498	559
Other Transition Costs Commissions		93	93	194
Other Transition Costs Taxes and Stamp Duty		389	389	1,142
Other Transition Costs Implicit		0	0	5,544
Total Transition Costs	679	980	1,660	9,011

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Savings Analysis on BCPP Pooled Fund Fees (£m)													
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Set up Costs	-893		-679										
Transition Costs		-6,458	-494										
Fee Savings from UK Equity Alpha Fund		147	442	442	442	442	442	442	442	442	442	442	442
Fee Savings from Global Equity Alpha Fund			282	563	563	563	563	563	563	563	563	563	563
Cumulative Savings Made	0	-7,204	-7,654	-6,649	-5,644	-4,639	-3,634	-2,629	-1,624	-619	386	1,391	2,396

Based on current projections of Manager Fee savings from the BCPP UK Equity Alpha Fund and the BCPP Global Equity Alpha Fund against their initial set up and transition costs, the Fund expects to realize savings by 2027/28. The Fee Savings analysis is shown in Annex 1



Cost Transparency

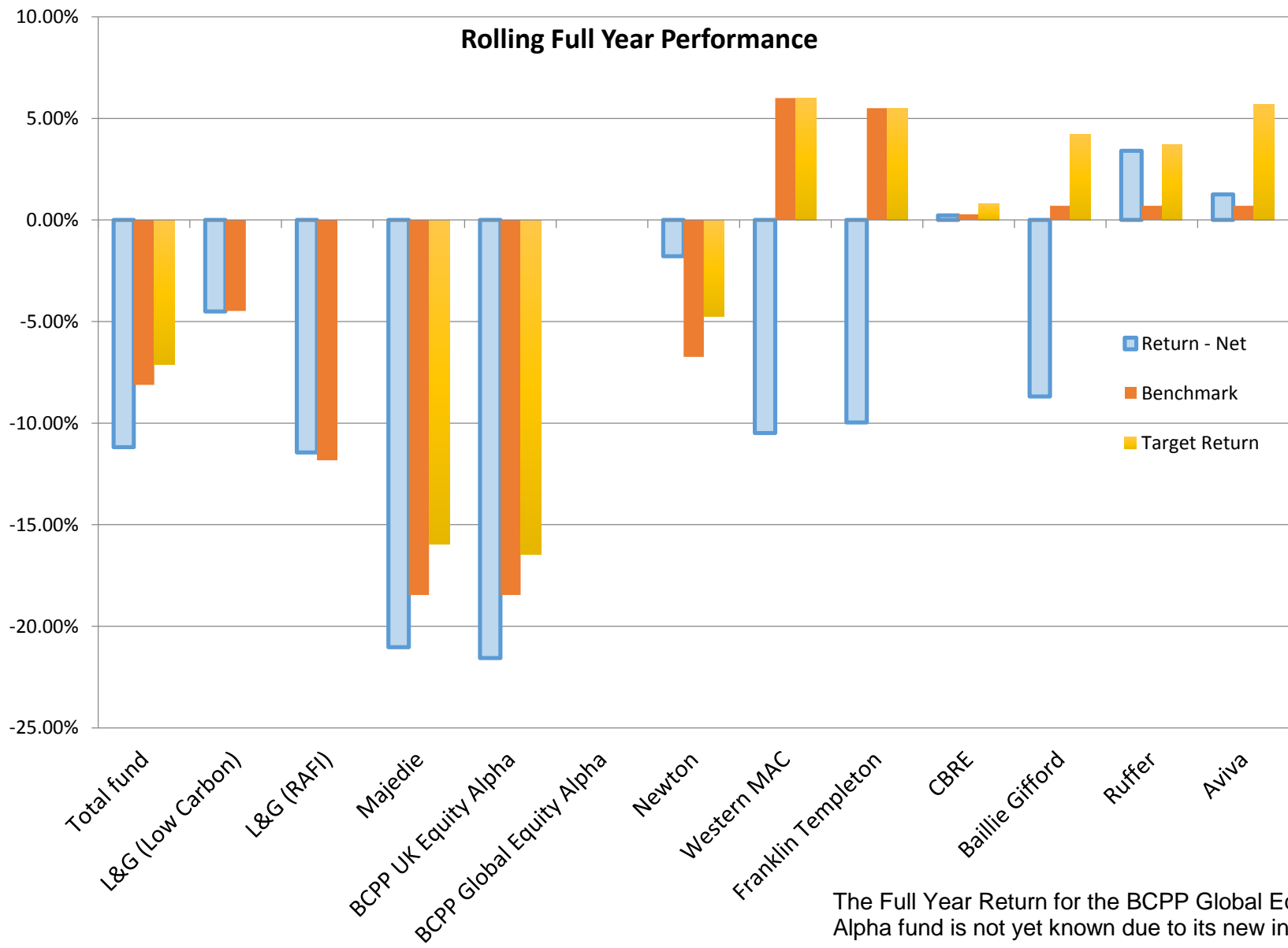
The Fund's direct investment management expenses are included in Note 14 of the Pension Fund Accounts. Given the level of scrutiny that had existed historically with the transparency of investment management expenses, a Voluntary Code of Transparency covering investment management fees and costs was developed and approved by the Local Government Scheme Advisory Board and launched in May 2017. (A copy of the Code can be found at <http://lgpsboard.org/index.php/the-code#theCodetop>). Fund managers to the LGPS are being encouraged to sign up to this Code and as at March 2020, there were over 130 signatory firms. The aim of this Code was to increase value added by asset owners and asset managers by moving more toward fee transparency and consistency.

All of Surrey Pension Fund's 10 Fund Managers are signatories to the LGPS Transparency Code and all but 3 fund managers had provided Cost Transparency templates in time for the production of this year's annual report with this being the first reporting year against the Transparency Code. This was done either through the Scheme Advisory Board commissioned portal Byhiras, or provided them manually to officers. An additional 4 Private Market managers covering 15 Private Market funds had also provided cost transparency templates, which the Fund will continue to encourage from its other Private Market managers. The Direct Cost sections below reconcile back to Note 14 of the Pension Fund Accounts. While the Indirect Costs represent costs which, although they don't meet the format required for Pension Fund Accounts, they represent a significant proportion of the Fund's overall investment management costs to be reported in this Annual Report. Through the reporting of the Code in 2019-20, the Fund had identified a further £12.5m spent on fund management.

	Pooled Assets: Border to Coast Pensions Partnership			Local Assets		
2019-20 Investment Management Expenses	Direct £000s	Indirect £000s	Total £000s	Direct £000s	Indirect £000s	Total £000s
Total Fund Management & Administration Expenses	118	2,141	2,259	9,782	3,488	13,270
Management Fees	118	2,039	2,157	9,697	3,230	12,927
Administration		97	97		237	237
Governance & Compliance		4	4		16	16
Client Service/ Custody & Communication		0	0	85	5	90
Total Transaction Costs		2,831	2,831	612	2,993	3,605
Indirect transaction Costs		0	0	612	1,145	1,757
Commissions		45	45		0	0
Taxes and stamp duty		0	0		0	0
Implicit Costs		2,821	2,821		2,103	2,103
Dilution Levy Offset		-35	-35		-256	-256
Total Investment Management Expenses	118	4,972	5,090	10,394	7,558	17,952

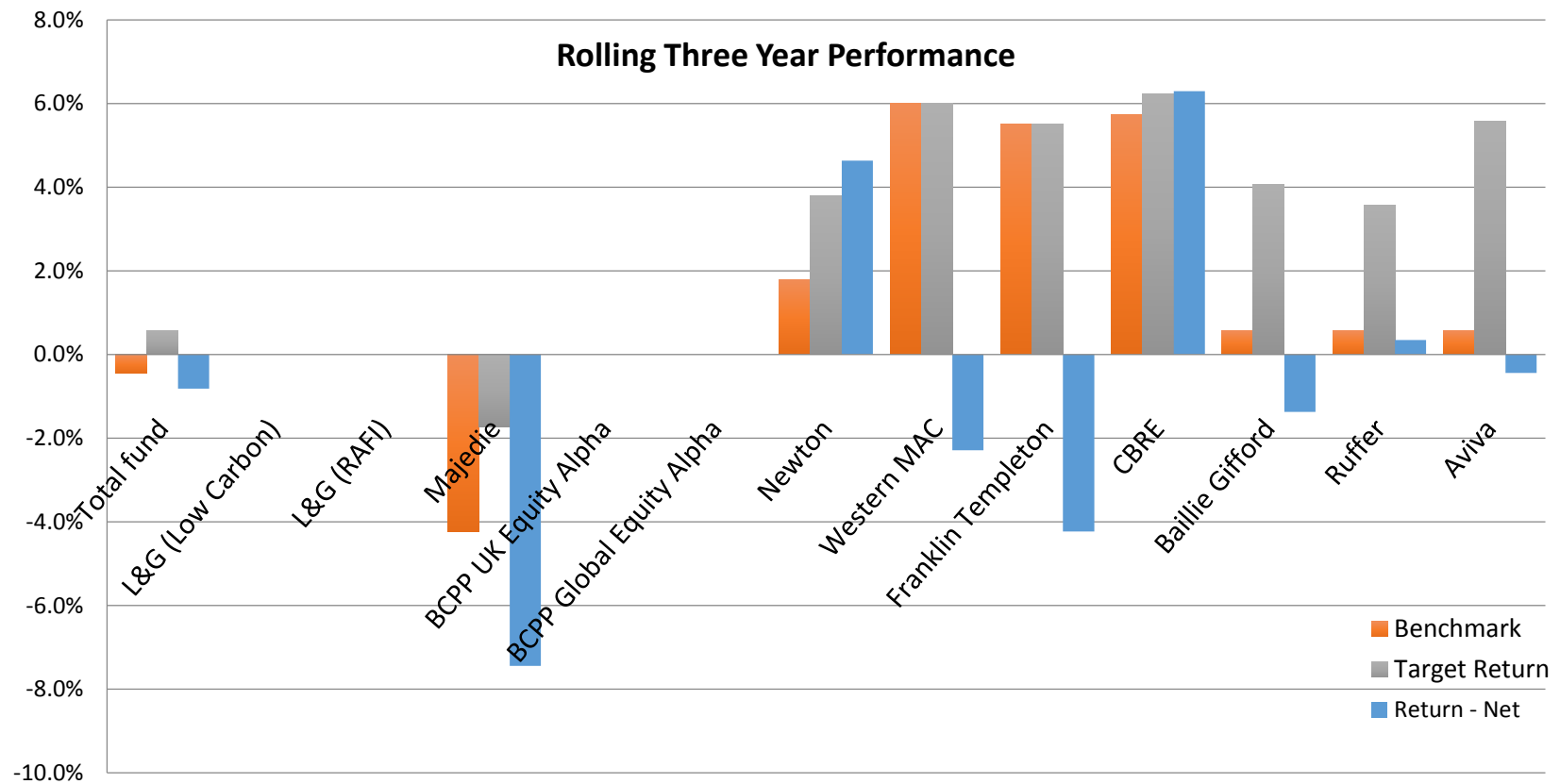
Manager	Asset Category	Net of Fees Performance 1 Year (%)	Gross of Fees Performance 1 Year (%)	Benchmark Index	Benchmark Performance 1 Year (%)	Target Return 1 Year (%)
Total fund		-11.19%	11.05%	Customised	-8.12%	-7.12%
Asset pool managed investments						
BCPP UK Equity	Active Listed Equity	-21.56%	-21.56	FTSE All Share	-18.45	-16.45
BCPP Global Equity Alpha	Active Listed Equity	-	-	MSCI ACWI	-	-
Non-asset pool managed investments						
L&G (Low Carbon)	Passive Listed Equity	-4.51%	-4.53%	MSCI World	-4.47%	-4.47%
L&G (RAFI)	Passive Listed Equity	-11.44%	-11.44%	MSCI World Low Carbon	-11.82%	-11.82%
Majedie	Active Listed Equity	-21.03%	-20.79%	FTSE All Share	-18.45%	-15.95%
Newton	Active Listed Equity	-1.78%	-1.58%	MSCI AC World	-6.74%	-4.74%
Western – MAC	Multi Asset Credit Fund (Fixed Income)	-10.49%	-10.17%	Total Return Fund (+6% target return)	6.00%	6.00%

Franklin Templeton	Absolute Return Fund	-9.96%	-9.96%	Barclays Multiverse Index (+5.5% target return)	5.50%	5.50%
CBRE	Property Fund	0.23%	0.47%	IPD UK All Balanced Funds	0.28%	0.78%
Baillie Gifford	Diversified Growth Fund	-8.69%	-8.78%	UK Base Rate	0.70%	4.20%
Ruffer	Diversified Growth Fund	3.40%	3.40%	UK Base Rate	0.70%	3.70%
Aviva	Diversified Growth Fund	1.25%	1.12%	UK Base Rate	0.70%	5.70%
Alternatives	Private Equity/ Infrastructure	10.54%	10.59%	MSCI World Index	-5.83%	-0.83%



Manager	Asset Category	Net of Fees Performance 3 Year (%)	Gross of Fees Performance 3 Year (%)	Benchmark Index	Benchmark Performance 3 Year (%)	Target Return 3 Year (%)
Total fund		-0.82%	-0.64%	Customised	-0.44%	0.56%
Asset pool managed investments						
BCPP UK Equity	Active Listed Equity	-	-	FTSE All Share	-	-
BCPP Global Equity Alpha	Active Listed Equity	-	-	MSCI ACWI	-	-
Non-asset pool managed investments						
L&G (Low Carbon)	Passive Listed Equity	-	-	MSCI World	-	-
L&G (RAFI)	Passive Listed Equity	-	-	MSCI World Low Carbon	-	-
Majedie	Active Listed Equity	-7.44%	-7.06%	FTSE All Share	-4.24%	-1.7%
Newton	Active Listed Equity	-1.78%	4.89%	MSCI AC World	6.00%	3.79%
Western – MAC	Multi Asset Credit Fund (Fixed Income)	-2.29%	-2.03%	Total Return Fund (+6% target return)	5.50%	6.00%

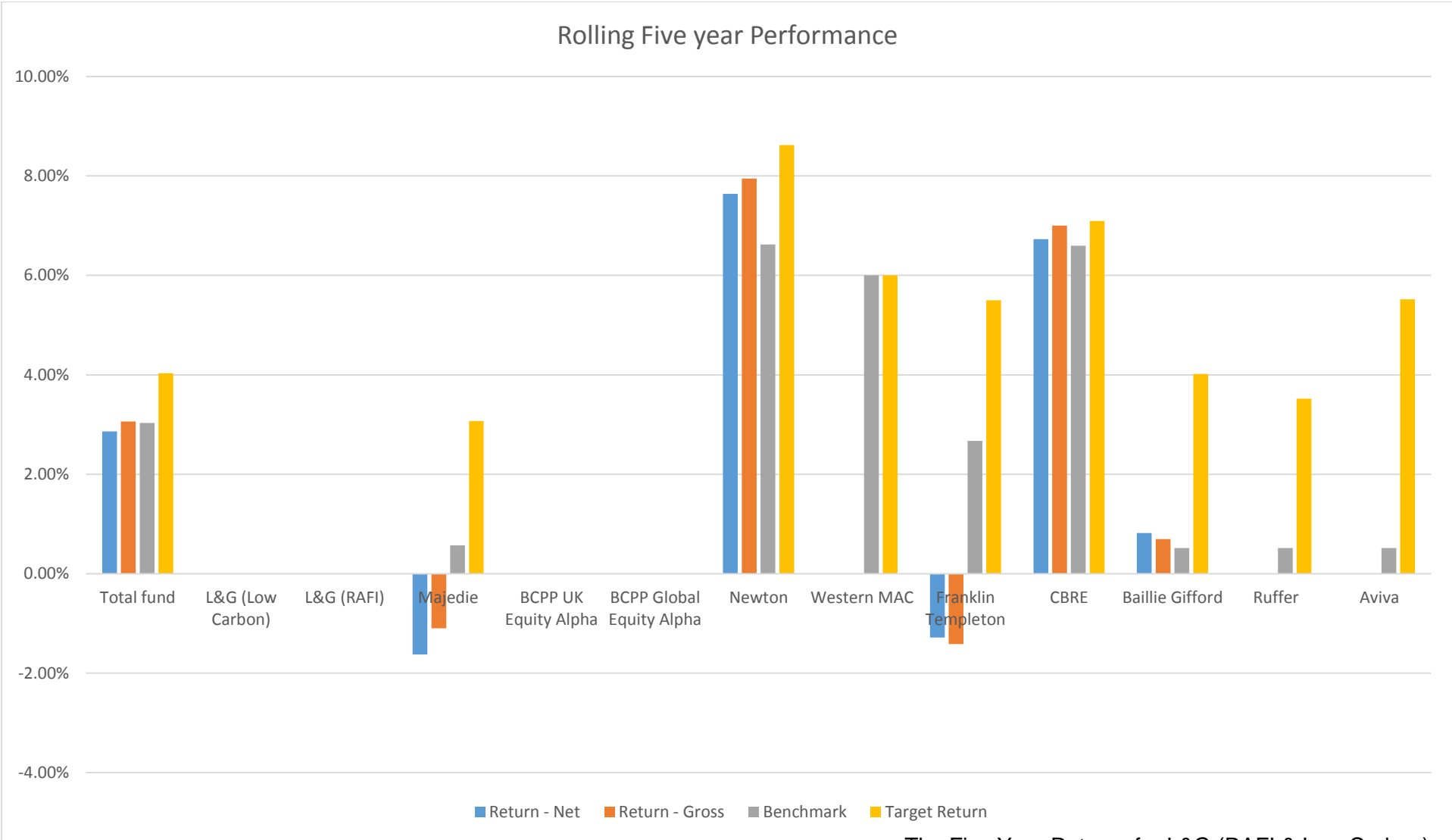
Franklin Templeton	Absolute Return Fund	-4.23%	-4.30%	Barclays Multiverse Index (+5.5% target return)	5.74%	5.50%
CBRE	Property Fund	6.29%	6.53%	IPD UK All Balanced Funds	0.57%	6.24%
Baillie Gifford	Diversified Growth Fund	-1.37%	-1.49%	UK Base Rate	0.57%	4.07%
Ruffer	Diversified Growth Fund	0.35%	0.35%	UK Base Rate	0.57%	3.57%
Aviva	Diversified Growth Fund	-0.44%	0.62%	UK Base Rate	1.79%	5.57%
Alternatives	Private Equity/ Infrastructure	10.54%	11.96%	MSCI World Index	8.53%	13.53%



The Three Year Returns for L&G (RAFI & Low Carbon) Fund, BCPP UK Equity Alpha and BCPP Global Equity Alpha funds are not yet known due to their new inception

Manager	Asset Category	Net of Fees Performance	Gross of Fees Performance	Benchmark Index	Benchmark Performance	Target Return
		5 Year (%)	5 Year (%)		5 Year (%)	5 Year (%)
Total fund		2.86%	3.06%	Customised	3.03%	4.03%
Asset pool managed investments						
BCPP UK Equity	Active Listed Equity	-	-	FTSE All Share	-	-
BCPP Global Equity Alpha	Active Listed Equity	-	-	MSCI ACWI	-	-
Non-asset pool managed investments						
L&G (Low Carbon)	Passive Listed Equity	-	-	MSCI World	-	-
L&G (RAFI)	Passive Listed Equity	-	-	MSCI World Low Carbon	-	-
Majedie	Active Listed Equity	-1.63%	-1.10%	FTSE All Share	0.57%	3.07%
Newton	Active Listed Equity	7.64%	7.95%	MSCI AC World	6.62%	8.62%
Western – MAC	Multi Asset Credit Fund (Fixed Income)	-	-	Total Return Fund (+6% target return)	6.00%	6.00%

Franklin Templeton	Absolute Return Fund	-1.28%	-1.42%	Barclays Multiverse Index (+5.5% target return)	2.67%	5.50%
CBRE	Property Fund	6.73%	7.00%	IPD UK All Balanced Funds	6.60%	7.10%
Baillie Gifford	Diversified Growth Fund	0.82%	0.70%	UK Base Rate	0.52%	4.02%
Ruffer	Diversified Growth Fund	-	-	UK Base Rate	0.52%	3.52%
Aviva	Diversified Growth Fund	-	-	UK Base Rate	0.52%	5.52%
Alternatives	Private Equity/ Infrastructure	14.48%	14.49%	MSCI World Index	12.33%	17.33%



The Five Year Returns for L&G (RAFI & Low Carbon) Fund, BCPP UK Equity Alpha, BCPP Global Equity Alpha, Western MAC, Ruffer and Aviva are not yet known due to their new inception

Responsible Investment



Responsible Investment

The Fund will report its findings for its Taskforce for Climate Related Financial Disclosures (TCFD) 2019-20, carried out by its Independent Provider, as well as including its initial findings from its mapping work against the United Nations Sustainable Development Goals.

Both reports will be ready by the end of September 2020, and will be included here before the final report is sent to audit for inspection.

Fund Policies



Investment Strategy Statement

Surrey Pension Fund's full Investment Strategy Statement, approved by the Pension Fund Committee on 8 February 2019 can be found on the Surrey Pension Fund Website using the link below.

<https://www.surreypensionfund.org/media/4424/20190208-investment-strategy-statement.pdf>

Responsible Investment Policy

The Fund aims to be an active shareholder in the exercising of its company share voting rights to promote and support good corporate governance principles.

For assets managed in the Border to Coast Pensions Partnership (BCPP) pool, the Fund supports the Responsible Investment Policy of BCPP (shown as Appendix C). BCPP undertake voting on these assets in accordance with the BCPP Corporate Governance and Voting Guidelines (shown as Appendix D).

For assets managed outside of the BCPP pool, the Fund will comply with the principles of the Responsible Investment Policy of BCPP. Share voting is undertaken in-house, after consultation with fund managers and a specialist corporate governance advisor.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a membership group of LGPS funds that campaigns on corporate governance issues. Assets held within BCPP are managed in accordance with the engagement principles as outline in the BCPP Responsible Investment Policy. This engagement demonstrates a commitment to sustainable investment and the promotion of high standards of corporate governance and responsibility.

For access to BCPP's Responsible Investment Policy, Corporate Governance & Voting Policy, Annual Responsible Investment Report and its Task Force on Climate-related Financial Disclosure Report please use the link below;

<https://www.bordertocoast.org.uk/sustainability/>

Funding Strategy Statement

The FSS is reviewed in detail at least every three years as part of the triennial valuation. The 2019 Funding Strategy Statement can be accessed using the below link

<https://www.surreypensionfund.org/media/5328/funding-strategy-statement-v5.pdf>

It is possible that (usually slight) amendments may be needed within the three year period. These would be needed to reflect any regulatory changes, or alterations to the way the Fund operates (e.g. to accommodate a new class of employer). Any such amendments would be consulted upon as appropriate:

- trivial amendments would be simply notified at the next round of employer communications,
- amendments affecting only one class of employer would be consulted with those employers,
- other more significant amendments would be subject to full consultation.

In any event, changes to the FSS would need agreement by the Pensions Committee and would be included in the relevant Committee Meeting minutes.

Governance Compliance Statement

The Local Government Pension Scheme (England and Wales) (Amendment) (No 2) Regulations 2005 came into effect on 14 December 2005. The Regulations provided the statutory framework within which LGPS administering authorities were required to publish a governance policy statement by 1 April 2006. The policy intention was that the statement also described and explained the administering authority's arrangements for the representation and participation of Scheme stakeholders. A copy of the Surrey Pension Fund's current governance policy statement can be found on Surrey CC's website.

The Local Government Pension Scheme (Amendment)/(No 3) Regulations 2007 (SI 2007 No 1561) provided further statutory framework, including the provision that administering authorities produce a statement disclosing the degree to which it complies with best practice in its governance procedures. This statement is reproduced in full below:

GOVERNANCE COMPLIANCE STATUTORY GUIDANCE

Principle	Surrey's Approach	Compliance
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STRUCTURE		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Surrey County Council delegates the management of the Surrey Pension Fund to the Pension Fund Committee. The Committee is responsible for these areas under the terms of reference contained in the Council's Constitution.	Comply
That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Surrey is compliant with these principles. Employers and employee representatives are represented on the Pension Fund Committee. The Committee comprises county councilors, borough/district councilors, an external employer representative and a union representative to represent employees and pensioners. All Committee members have full voting rights.	Comply
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	There is currently no secondary committee..	n/a
That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	There is currently no secondary committee.. Should a secondary committee be established, all members of that secondary committee would sit on the	n/a

	main Pension Fund Committee.	
Principle	Surrey's Approach	Compliance
REPRESENTATION		
<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g., admitted bodies); 	<p>With over 150 employer bodies, not all stakeholders are directly represented on the Pension Fund Committee. All stakeholders are free to make representations in writing to the Committee. The County Council, the eleven districts and boroughs, Office of the Police and Crime Commissioner and employees are directly represented on the Pension Fund Committee.</p>	Explain
<ul style="list-style-type: none"> • scheme members (including deferred and pensioner scheme members); 	<p>The Pension Fund Committee membership includes a trade union representative.</p>	Comply
<ul style="list-style-type: none"> • independent professional observers; and 	<p>The Committee employs an independent consultant who is an experienced ex Chief Investment Officer of an investment house. The</p>	Comply

	consultant is present at all Committee meetings.	
<ul style="list-style-type: none"> expert advisors (on an ad hoc basis). 	Expert advisors attend the Committee as required, depending on the nature of the decisions to be taken. For example, the actuary attends when the valuation is being considered and the investment consultant attends when strategic asset allocation decisions and investment matters are being discussed.	Comply
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	All members are treated equally in terms of access to papers and to training that is given as part of the Committee processes.	Comply

Principle	Surrey's Approach	Compliance
SELECTION AND ROLE OF LAY MEMBERS		
That Committee or Panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Committee members are given initial and ongoing training to support them in their role as trustees.	Comply
VOTING		
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each	Surrey is fully compliant with this principle. Most decisions are reached by consensus, but voting rights remain with the Pension Fund Committee	Comply

body or group represented on main LGPS committees.	because the Council retains legal responsibility as the administering authority.	
TRAINING/FACILITY TIME/EXPENSES		
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	This falls within the County Council's normal approach to member expenses. Pension Fund Committee members receive expenses. Training has been referred to above.	Comply
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	The policy applies equally to all members of the Pension Fund Committee. All members currently enjoy voting rights.	Comply

Principle	Surrey's Approach	Compliance
MEETINGS (FREQUENCY/QUORUM)		
That an administering authority's main committee or committees meet at least quarterly.	Surrey is fully compliant with this principle by holding quarterly and special appointment meetings. The Chief Finance Officer sends performance data and relevant information as appropriate. The quorum for the committee is three.	Comply
That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	There is currently no secondary committee.	n/a
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	The Pension Fund holds an annual meeting in November each year to which all key stakeholders are invited. The meeting is a two-way process in which all delegates have the opportunity to ask questions and express their views. The Committee welcomes representations on any issue in writing at any time.	Comply
ACCESS		
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	All members of the Pension Fund Committee have equal access to committee papers, documents and advice.	Comply

Principle	Surrey's Approach	Compliance
SCOPE		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Surrey is fully compliant with this principle by bringing all investment, liability, benefit and governance issues to the Pension Fund Committee. An agenda will usually include a fund monitoring report, individual reports from managers, and reports on specific investment, administration and governance issues. A business plan is approved each year.	Comply
PUBLICITY		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Surrey is fully compliant with this principle by publishing statements in the Annual Report and on its website.	Comply

Governance Policy Statement

Governance Policy Statement for the Purposes of The Local Government Pension Scheme (Amendment) (No 2) Regulations 2005

This Statement is prepared for the purposes of the above Regulations. It sets out the policy of the Administering Authority in relation to its governance responsibilities for the Local Government Pension Scheme (LGPS).

Contents

Overall governance framework

Delegation of functions and allocation of responsibility for:

- Administration
- Funding
- Investment
- Communication
- Risk management

Terms of reference and decision making:

- Structure of committees and representation
- Voting rights

Operational procedures:

- Frequency of meetings
- Competencies, knowledge and understanding
- Reporting and monitoring

Review of this policy statement

1. Overall Governance Framework

The Administering Authority with its advisors has identified the following key areas (the “five principles”) to support its overall governance framework.



The governance framework focuses on:

- The effectiveness of the Pension Fund Committee and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies.
- The establishment of policies and their implementation.
- Clarity of areas of responsibility between officers and Pension Fund Committee members.
- The ability of the Pension Fund Committee and officers to communicate clearly and regularly with all stakeholders.
- The ability of the Pension Fund Committee and officers to ask for the appropriate information and advice and to interpret that information in their supervision and monitoring of the Scheme in all areas.
- The management of risks and internal controls to underpin the framework.

Overall responsibility for the governance of the Local Government Pension Scheme and for the approval of this document resides with the Pension Fund Committee.

2. Delegation of Functions

The following functions are delegated by the Administering Authority:

Scheme Administration

Governance Principles: Effective Committee delegation; appropriate accountability; rigorous supervision and monitoring

Including, but not exclusively or limited to, record keeping, calculation of and payment of benefits, reconciliation and investment of contributions, preparation of annual accounts, provision of membership data for actuarial valuation purposes.

The Administering Authority has responsibility for “Scheme Administrator” functions as required by HM Revenues and Customs (HMRC) under the Finance Act 2004.

Delegated to:

Pension Fund Committee (monitoring)

Chief Finance Officer (Pension Fund administration implementation)

Funding

Governance Principles: Effective Committee delegation; appropriate accountability; written plan policies

Including, but not exclusively or limited to, setting of the appropriate funding target for the Local Government Pension Scheme. The Chief Finance Officer shall be responsible for maintaining the Funding Strategy Statement (FSS). The Pension Fund Committee shall be responsible for approving the FSS.

Delegated to:

Pension Fund Committee (policy approval)

Chief Finance Officer (maintaining FSS and policy implementation)

Investment

Governance Principles: Effective Committee delegation; appropriate accountability; written plan policies

Including, but not exclusively or limited to, setting of an appropriate investment strategy or strategies, selection of investment managers, setting of performance benchmarks and regular monitoring of performance. The Pension Fund Committee shall be responsible for maintaining the Statement of Investment Principles.

Delegated to:

Pension Fund Committee (strategy approval, manager selection, benchmarks, monitoring)

Chief Finance Officer (Pension Fund investment implementation)

Communications

Governance Principle: Effective Information Flow; written plan policies

Including setting of a communication strategy, issuing or arranging to be issued re benefit statements, annual newsletters and annual report. The Pension Fund Committee shall be responsible for maintaining the Communications Policy.

Delegated to:

Pension Fund Committee (policy approval)

Chief Finance Officer (Pension Fund policy implementation)

Risk Management

Effective Committee delegation; appropriate accountability; written plan policies

Including the identification, evaluation and monitoring of risks inherent within the Local Government Pension Scheme. The Pension Fund Committee shall be responsible for approving the Risk Register. The Chief Finance Officer shall be responsible for maintaining the risk register.

Delegated to:

Pension Fund Committee (policy approval)

Chief Finance Officer (Pension Fund policy implementation)

3 Terms of Reference and Decision Making

Terms of Reference:

Governance Principle: Effective Committee delegation; written plan policies

The Pension Fund Committee's Terms of Reference as approved by Full Council on 19 March 2013.

Administration, Funding, Investment, Communications and Risk Management

In line with the Council's Constitution, the Pension Fund Committee shall oversee Pension Fund investments, the overall management of the Fund, the governance surrounding the Fund, and the administration of the Pension Scheme.

Structure of the Pension Fund Committee and representation:

Governance Principle: Effective Committee delegation

The Pension Fund Committee shall be made up of:

- 4 Conservative members;
- 1 Liberal Democrat member;
- 1 Independent member;
- 2 Districts and Boroughs Members
- 1 Employer Representative;
- 1 Employee Representative

Decision Making:

Governance Principle: Effective Committee delegation; rigorous supervision and monitoring

The Pension Fund Committee shall have full decision-making powers.

Each member of the Pension Fund Committee shall have full voting rights.

4. Operational Procedures

Frequency of Meetings:

Governance Principle: Effective Committee delegation; effective information flow

The Pension Fund Committee shall convene no less frequently than four times per year. The Pension Fund Committee shall receive full reports upon all necessary matters as decided by the Chief Finance Officer and any matters requested by members of the Pension Fund Committee.

Provision exists for the calling of special meetings if circumstances demand.

Competencies, Knowledge and Understanding:

Governance Principle: Effective Committee delegation; appropriate accountability

Officers and Members of the Pension Fund Committee shall undertake training to ensure that they have the appropriate knowledge, understanding and competency to carry out the delegated function. It is recommended that such knowledge, understanding and competency is evaluated on an annual basis to identify any training or educational needs of the Officers and the Pension Fund Committee.

Reporting and Monitoring:

Governance Principle: Rigorous supervision and monitoring; effective information flow

The Pension Fund Committee shall report to the Audit and Governance Committee on a frequency, and with such information as shall be agreed and documented, on a no less than annual basis, the minimum provision being the Pension Fund's annual report.

5 Review of this policy statement

Responsibility for this document resides with the Chief Finance Officer. It will be reviewed by the Chief Finance Officer no less frequently than annually. This document will be reviewed if there are any material changes in the administering authority's governance policy or if there are any changes in relevant legislation or regulation.

Pension Fund Committee: Terms of Reference

- a) To undertake statutory functions on behalf of the Local Government Pension Scheme and ensure compliance with legislation and best practice.
- b) To determine policy for the investment, funding and administration of the pension fund.
- c) To consider issues arising and make decisions to secure efficient and effective performance and service delivery.
- d) To appoint and monitor all relevant external service providers:
 - fund managers;
 - custodian;
 - corporate advisors;
 - independent advisors;
 - actuaries;
 - governance advisors;
 - all other professional services associated with the pension fund.
- e) To monitor performance across all aspects of the service.
- f) To ensure that arrangements are in place for consultation with stakeholders as necessary
- g) To consider and approve the annual statement of pension fund accounts.
- h) To consider and approve the Surrey Pension Fund actuarial valuation and employer contributions.

F10	Director of Finance/ Strategic Finance Manager (Pensions)	Borrowing, lending and investment of County Council Pension Fund moneys, in line with strategies agreed by the Pension Fund Committee. Delegated authority to the Chief Finance Officer to take any urgent action as required between Committee meetings but such action only to be taken in consultation with and by agreement with the Chairman and/or Vice Chairman of the Pension Fund Committee and any relevant Consultant and/or Independent Advisor.
H4	Lead Pensions Manager	

H5	Director of Finance	<p>To exercise discretion (excluding decisions on admitted body status) in relation to the Local Government Pension Scheme where no policy on the matter has been agreed by the Council and included in the Discretionary Pension Policy Statement published by the Council, subject to any limitations imposed and confirmed in writing from time to time by the Chief Finance Officer.</p> <p>To determine decisions conferring 'admitted body' status to the Pension Fund where such requests are submitted by external bodies.</p>
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Statement of Accounts



Statement of Responsibilities and Certification of Accounts

The Responsibilities of the County Council

The County Council is required:

- to make arrangements for the proper administration of the financial affairs of the Fund and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer & Deputy Director for Business Services (Chief Finance Officer).
- to manage the Fund's affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the statement of accounts.

The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Fund's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice").

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

TBC

Independent Auditor's Report & Statement of Consistency

Independent auditor's report to the members of Surrey County Council on the consistency of the financial statements of Surrey Pension Fund included in the Pension Fund Annual Report
Opinion

TBC

Surrey Pension Fund Accounts 2019/20

The Pension Fund Draft Accounts 2019/20 were presented to and approved by the Pension Fund Committee on 13 June 2020. As a result of COVID-19, the audit of the accounts had been agreed for a later date, with the signing off of the accounts expected to be completed toward the end of August

The full Surrey Pension Fund Accounts can be found using the link below on pages 121-162.

https://www.surreycc.gov.uk/_data/assets/pdf_file/0009/227385/Statement-of-Accounts-2019-20-DRAFT.pdf

Scheme Advisory Board Statistics



Scheme Advisory Board Statistics

Financial Performance and Forecast:

	2019/20 Budget £000	2019/20 Actuals £000	2019/20 Variance £000	2020/21 Budget £000
Income				
Employers contributions	139,783	147,155	7,372	150,665
Members contributions	38,117	39,470	1,353	39,865
Total contributions	177,900	186,625	8,725	190,530
Transfers in	17,361	11,082	-6,279	10,539
Investment income	60,236	51,320	-8,916	52,346
Total income	255,496	249,027	-6,469	253,415
Expenditure				
Pensions	-134,198	-134,183	15	-144,668
Commutation and lump sum retirement benefits	-20,100	-23,829	-3,729	-20,100
Other benefits	-4,523	-3,631	892	-3,915
Total benefits	-158,821	-161,643	-2,822	-168,682
Leavers	-12,576	-15,339	-2,763	-19,559
Administrative expenses	-2,225	-2,270	-45	-2,225
Oversight and governance costs	-2,717	-1,919	798	-1,328
Investment expenses	-9,559	-10,512	-953	-10,731
Taxes on income	-1,144	-551	593	-995
Total expenditure	-187,042	-192,234	-5,192	-203,520
Net income	68,454	56,793	-11,661	49,895
Change in market value	85,773	-512,885	-598,658	548,466
Net increase in Fund Value	85,773	-512,885	-598,658	598,361
Net Asset Value	4,469,805	3,859,486	-610,319	4,457,847

Surrey Pension Fund 2020-21 Operational Budget

2020/21 Operational Budget	£000
Orbis Pensions Administration Baseline	
Staffing	1,250
Non-Staffing	300
Overheads	280
Total Orbis Pensions Administration Baseline	1,830
Orbis Pensions Administration Projects	
Backlog	300
I-Connect	60
GMP Reconciliation	35
Total Orbis Pensions Administration Projects	395
Oversight & Governance	
Fund Officers & Management	394
Advisers	268.4
Audit	21
Memberships and Benchmarking	108.8
Legal Costs	23.5
Pooling Costs (including Governance)	510
Training Budget	3
Total Oversight & Governance	1,327.9
Investment & Custody	
Custody Fees	120
Investment Management Fees	10,601
Total Investment & Custody	10,721
Total 2020/21 Operational Budget	14,273.7

The most significant variance between budget and actuals for 2019/20 financial year were related to the significant market downturn as a result of COVID-19.

Investment management expenses incurred was below forecast, primarily weaker investment performance for the year led to a reduction of fees.

Three Year Forecast:

	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	Total £000
Income				
Contributions	190,530	192,857	194,016	577,403
Transfers in	10,539	10,023	9,532	30,093
Investment income	52,346	53,393	54,461	160,201
Total income	253,415	256,273	258,009	767,698
Expenditure				
Benefits	168,682	180,243	193,736	542,661
Transfer out	19,559	24,941	31,803	76,303
Management expenses	15,278	15,546	15,819	46,643
Total expenditure	203,520	220,730	241,358	665,608
Net income	49,895	35,544	16,651	102,090

Contributions by Employer

A table of the active employers with employee and employer contributions made during the year is shown below.

Employing Organisation	Employees Contributions £000	Employers Contributions £000
A2 Dominion	10	233
Ability Housing Association	6	18
Academy of Contemporary Music	5	14
Achieve Lifestyle	15	47
Amey LTD (Mole Valley)	3	7
Ash Parish Council	8	25
Ashley CofE Aided Primary School	31	114
Auriol Junior School	23	75
Banstead Infant School	15	51
Barnsbury Primary School	32	104
Beaufort Primary School	35	116
Bisley Parish Council	2	5
Blenheim High School	62	241
Bletchingley Village Primary School	20	81
Boxgrove Primary School	45	176
Bramley Parish Council (Quarterly)	2	5
Broadmere Primary Academy	25	83
Brooklands College	135	655

Brookwood Park Ltd	5	13
Brookwood Primary School	11	38
Burstow Parish Council	2	6
Busy Bees Daycare (Caring Daycare)	1	3
Cardinal Newman Catholic Primary School	22	76
Care Quality Commission	2	669
Carwarden House Community School	33	111
Catalyst (Southern Addictions Advisory Service (SADAS))	17	69
Chartwood School	43	185
Chertsey High School	13	54
Chiddingfold Parish Council	2	4
Childhood First	22	95
Christ's College	32	110
Clarion Housing Group	10	42
Cleves Academy Trust	33	121
Cobham Free School	33	98
Collingwood College	95	335
Compass Contract Services	4	16
Compass: GLF	2	8
Compass: Xavier Catholic Education Trust	6	29
Connaught Junior School	17	62
Cordwalles Junior School	10	35
Cranleigh Parish Council	7	19

Crawley Ridge Infant School	9	35
Crawley Ridge Junior School	15	56
Cross Farm Infant School	10	39
Crowhurst Parish Council	0	1
Cuddington Com Prim School	12	42
Cuddington Croft Primary School	22	74
Danetree Primary School	37	126
Darley Dene Primary School	4	12
De Stafford School	37	119
Dormansland Parish Council	1	3
Dovers Green School	31	116
Dunsfold Parish Council	0	2
East Horsley Parish Council	2	4
East Surrey College	263	910
East Surrey Rural Transport	3	11
Eastwick infant School	45	157
Effingham Parish Council	1	6
Elmbridge Borough Council	786	3,003
Elmbridge Building Control	17	49
Elmbridge Housing Trust	-	60
Engage Enrich Excel Trust	4	10
Epsom & Ewell Borough Council	590	2,154
Epsom and Ewell High School	73	203

Esher Church of England High School	83	281
Esher Church School	19	62
Esher College	76	245
Farnham Heath End	31	102
Farnham Town Council	24	50
Freedom Leisure - Guildford (Wealden Leisure)	32	78
Freedom Leisure - Woking (Wealden Leisure)	19	47
Frensham Parish Council	1	2
Fullbrook School	70	261
Fusion Lifestyle	1	6
George Abbot School	135	474
GLF	135	346
Glyn School	63	194
Godalming College	71	223
Godalming Town Council	17	42
Goldsworth Primary School	46	139
Good Shepherd Trust	22	52
Gordons School Academy Trust	30	117
Guildford Borough Council	1,512	6,326
Guildford College	319	1,527
Guildford County School	53	186
Guildford Grove Primary School	43	174
Hale Primary School	9	34

Hammond School	9	30
Hamsey Green Primary	18	72
Hanover Housing Association	80	726
Haslemere Town Council	5	10
Hatchlands Primary School	2	7
Hawkedale School	7	33
Heathside School	63	228
Hillcroft Primary School	29	95
Hinchley Wood Primary School	17	75
Hinchley Wood School	74	286
Hoe Valley Free School	35	85
Holly Lodge Primary School	17	66
Holmesdale Community infant school	23	86
Holy Family Catholic Primary School	11	38
Holy Trinity C of E Primary School	18	67
Horley Town Council	9	21
Howard of Effingham School	45	152
IESE ltd	65	119
Innovate (Weydon MAT)	2	6
Jubilee High School	38	118
Kenyngton Manor Primary School (Academy)	31	104
Kier (May Gurney)	7	33
Kings College Guildford	22	92

Knaphill School	18	52
Lakeside Primary School	21	81
Leatherhead Trinity School and Children's Centre	28	121
Lift Multi Academy Trust	6	20
Lightwater Village School	11	38
Lime Tree Primary School	31	102
Linden Bridge School	64	241
Lingfield Parish Council	1	3
Loseley Fields Primary School	19	81
Lumen Learning Trust	13	30
Marden Lodge Primary School and Nursery	18	61
Maybury Primary School	15	55
Meadhurst Primary school	28	99
Meadow Primary School	31	102
Merstham Park School	6	25
Merstham Primary School	10	36
Merton & Sutton Joint Cemetery Board	0	38
Mole Valley District Council	612	1,810
Moor House School	33	214
Mytchett Primary School	13	48
Nescot	284	1,150
New Haw Community Junior School	24	82
New Monument Primary Academy	15	48

Northmead Junior	27	103
Ottershaw Cof E Infant & Juniors	21	76
Oxted School	67	222
Pabulum Ltd	2	9
Peaslake Free School	3	11
Pine Ridge Infant School	31	74
Pinnacle Housing	7	24
Pirbright Village School	25	96
Pond Meadow School	63	209
Potters Gate CofE School	26	94
Pyncroft Grange Primary School	22	74
Pyrford Church of England Aided Primary School	36	126
Queen Eleanor's Church of England School	17	61
Ravenscote Junior School	26	93
Reef Cleaning Solutions (GSO Ltd)	0	1
Reigate School	61	209
Reigate & Banstead Borough Council	958	3,820
Reigate College	101	344
Reigate Grammar School	111	437
Riverbridge Primary School	42	120
Rodborough School	43	174
Rosebery Housing Association	4	209
Rosebery School	45	144

Runnymede Borough Council	750	2,592
Russell Education Trust	36	71
Rydens Enterprise School	36	120
South Farnham Education Trust	62	183
Salesian School, Chertsey	105	307
Salfords Primary School	18	61
Sandcross Primary School	41	167
Sandfield Primary School	13	54
Sandringham School	12	48
SAVI	15	50
Saxon Primary School	27	80
Sayes Court School	21	60
Send Parish Council	2	6
SERCO	18	75
Shalford Infant School	4	14
Shalford Parish Council	1	5
Sir William Perkins School	11	54
Skanska Construction Ltd	23	82
South Camberley primary and nursery	42	145
Spelthorne Borough Council	781	2,898
Springfield Primary School	25	84
St Alban's Catholic Primary School	20	68
St Andrew's CofE Primary School	23	84

St Andrew's Church of England Infant School	5	20
St Anne's Catholic Primary School	21	74
St Augustine's Catholic Primary School	23	77
St Charles Borromeo Catholic Primary School, Weybridge	15	53
St Cuthbert Mayne School	9	32
St Hugh of Lincoln Catholic Primary School	9	35
St John the Baptist Catholic Comprehensive School, Woking	95	289
St John's Church of England Primary School	25	90
St John's Primary School	16	61
St Lawrence Primary School	12	43
St Marks & All Saints Primary	8	30
St Mary's C of E (Aided) Junior School (Oxted)	32	144
St Mary's CofE Junior School	10	37
St Matthews CoE School	26	96
St Paul's Catholic College	54	213
St Paul's CofE Primary School	24	81
St Peters' Catholic School	32	98
St Polycarp's Catholic Primary School	13	43
St Stephens CoE School	23	87
St Thomas of Canterbury Catholic Primary School	16	55
Stanwell Fields CofE Primary School	19	57
Staywell	8	26
Stoughton Infant School	25	93

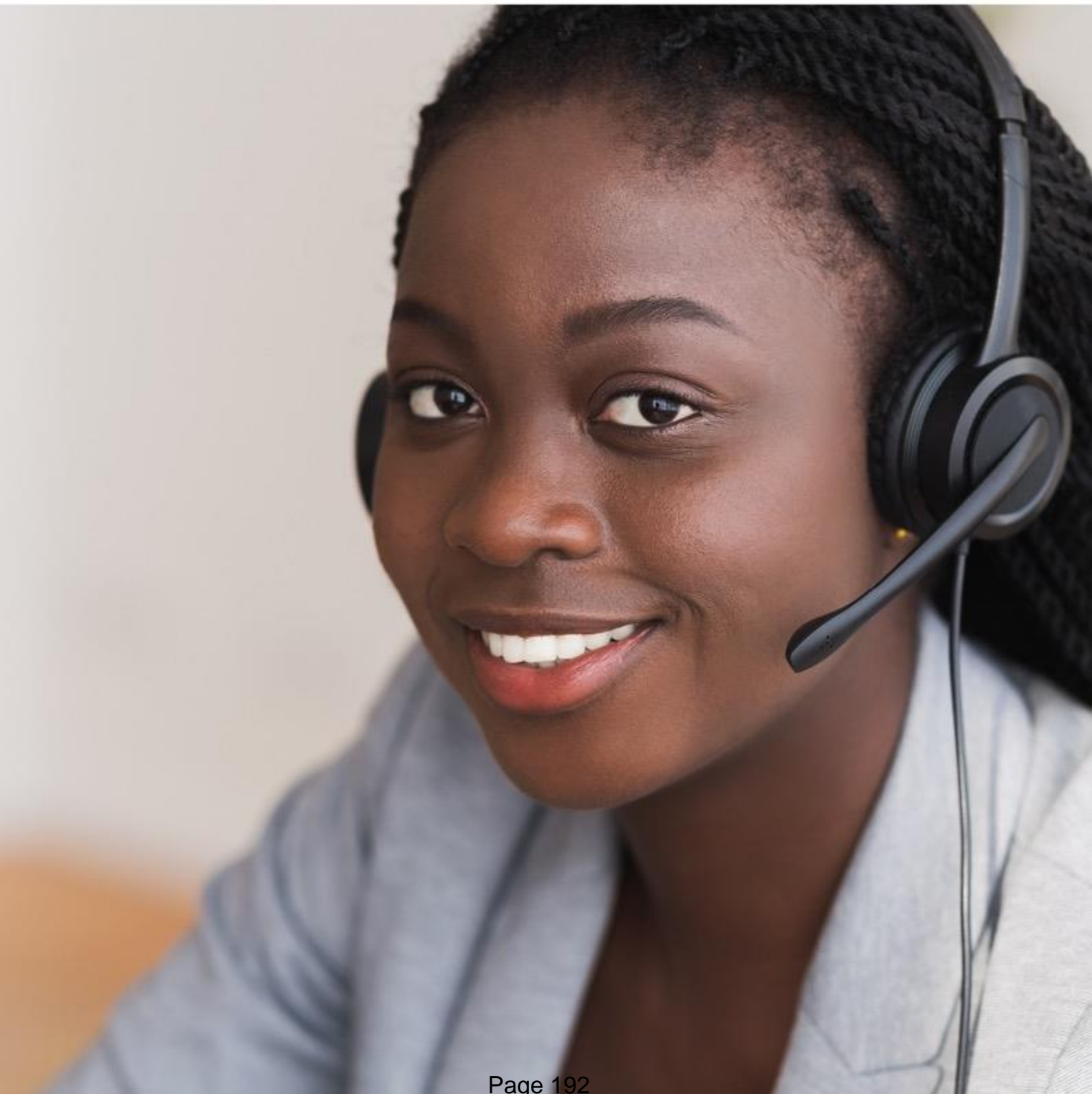
Sunbury Manor School	63	224
Surrey Choices	58	119
Surrey County Council Pool	17,823	69,630
Surrey Heath Borough Council	644	2,299
Surrey Hills Primary School	13	47
Surrey Police	3,225	9,789
Surrey Sports Park	11	23
Surrey Wildlife Trust	4	19
Sythwood Primary School	58	196
Tandridge District Council	620	2,715
Tatsfield Primary School	9	34
Thamesmead School	60	222
The Abbey School	27	91
The Alliance Multi Academy Trust (TAMAT)	8	21
The Ashcombe School	63	198
The Beacon School	50	156
The Bishop David Brown School	50	163
The Bishop Wand Church of England School	45	163
The Echelford Primary School	32	95
The Grove Primary School	23	88
The Hermitage School	19	63
The Horsell Village School	17	54
The Howard Partnership Trust	153	459

The Kite Academy Trust	33	107
The Magna Carta School	50	185
The Marist Catholic primary school	30	106
The Matthew Arnold School	36	111
The Oaktree School	26	83
The Raleigh School	33	75
The Ridgeway School	56	194
The Royal Grammar School	18	122
The Vale Primary School	12	41
The Warwick School	50	161
The Weald CofE Primary School	12	44
Therfield School	43	135
Thomas Knyvett College	33	111
Tomlinscote School and Sixth Form College	59	228
University of Creative Arts	969	3,021
University of Surrey	533	2,856
Wallace Fields Junior School	22	99
Walton Oak School	34	100
Warlingham Parish Council	1	3
Warlingham School	92	343
Warlingham Village Primary School	12	40
Warren Mead School	11	42
Warren Mead Infant School	18	58

Waverley Borough Council	827	3,475
Waverley Abbey CofE Junior School	15	54
Waverley Hoppa Transport	9	33
West End Parish Council	2	5
West Ewell Primary School	32	109
West Hill School	25	94
Westfield Primary School	28	103
Weydon School	94	287
Weyfield Academy	19	67
Whyteleafe Primary School	17	58
Whyteleafe Village Council	1	2
WilsonJones	1	4
Windlesham Parish Council	4	9
Windlesham Village Infant School	6	21
Wishmore Cross Academy	24	87
Witley Parish Council	4	13
Woking Borough Council	829	3,398
Woking College	39	146
Woking Community Transport	-	31
Woking High School	85	273
Woodlea Primary School	8	34
Woodmansterne Primary School	16	53
Woolmer Hill School	26	86

Worplesdon Parish Council	5	15
Wray Common primary school	28	96
Wyke Primary School	11	44

Contacts



Contacts

Benefits and Contributions

Enquiries should be directed in writing to Pension Services at the following address:

Pensions Unit
Room 218
Kingston Upon Thames
Surrey KT1 2EB
Telephone: 020 8541 9289 or 9292
E Mail: mypensions@surreycc.gov.uk
Fax: 020 8541 9287

Accounts and Investments

Information regarding the accounts and investments can be obtained from The Pension Fund Team at
Pension.fund@surreycc.gov.uk

Pension Scheme Regulations

1997 Regulations S.I. 1997/1612
Copies may be obtained from:

The Stationery Office Ltd
2nd Floor, St Crispins
Duke Street
Norwich
NR3 1PD

Website:
www.opsi.gov.uk/si/si1997/19971612.htm

Useful Addresses

Occupational Pensions Board

PO Box 1NN
Newcastle upon Tyne
NE99 1NN
Tel: 0191 225 6316

The Pensions Advisory Service
(TPAS)
11 Belgrave Road
London
SW1V 1RB

Tel: 0845 601 2923
Email: enquiries@pensionsadvisoryservice.org.uk

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Tel: 0207 630 2200
Email: enquiries@pensions-ombudson.org.uk

Employee and Employer Guides

The Department for Community and Local Government has produced guides to the Pension Scheme Regulations. These are available on request from Pension Services.

National Website

www.lgps.org.uk

Glossary of Terms



Glossary of Terms

Active Management

A style of management where the fund manager aims to outperform a benchmark by superior asset allocation, market timing or stock selection (or a combination of these). Compare with passive management

Actuary

An independent consultant who advises the County Council on the financial position of the Fund. See **actuarial valuation**.

Actuarial Valuation

This is an assessment done by an **actuary**, usually every three years. The actuary will work out how much money needs to be put into a pension fund to make sure pensions can be paid in the future.

Additional Voluntary Contribution (AVC)

An option available to individuals to secure additional pensions benefits by making regular payments in addition to the 5.5%-7.5% of basic earnings payable.

Admitted Bodies

Employers whose staff can become members of the Fund by virtue of an admission agreement made between the administering authority and the employer.

Asset Allocation

The apportionment of a fund's assets between asset classes and/or world markets. The long-term strategic asset allocation of a fund will reflect the fund's investment objectives. In the short term, the fund manager can aim to add value through **tactical asset allocation** decisions.

Benchmark

A yardstick against which the investment policy or performance of a fund manager can be compared. The Surrey Fund's benchmark is customised, meaning that it is tailored to the Fund's **liability profile**.

Bond

A debt investment with which the investor loans money to an entity (company or government) that borrows the funds for a defined period of time at a specified interest rate.

Book cost

The value of an asset as it appears on a balance sheet, equivalent to how much was paid for the asset (less liabilities due). Book cost often differs substantially from **market value**.

Broker

An individual or firm that charges a fee or commission for executing buy and sell orders submitted by an investor.

Commission

A service charge assessed by an agent in return for arranging the purchase or sale of a security or real estate. The commission must be fair and reasonable, considering all the relevant factors of the transaction. (Underwriting commission)

Corporate Bond

A debt security issued by a corporation, as opposed to those issued by the government.

Corporate Governance

The system by which companies are run, and the means by which they are responsible to their shareholders, employees and other stakeholders.

Creditors

Amounts owed by the pension fund.

Custody

Safe-keeping of securities by a financial institution. The custodian keeps a record of the client's investments and may also collect income, process tax reclaims and provide other services such as performance measurement.

Debtors

Amounts owed to the pension fund.

Derivative

Used to describe a specialist financial instrument such as **options** or **futures contracts**. Financial instruments are agreements to buy or sell something, under terms laid out in a contract.

Diversification

A risk management technique that mixes a wide variety of investments within a portfolio. It is designed to minimize the impact of any one security on overall portfolio performance.

Dividend

Distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders. The amount of a dividend is quoted in the amount each share receives or in other words dividends per share.

Dividend Yield

An indication of the income generated by a share, calculated as Annual Dividend per Share/Price per Share

Emerging Markets

There are about 80 stock markets around the world of which 22 markets are generally considered to be mature. The rest are classified as emerging markets.

Equity

Stock or any other security representing an ownership interest.

Ex-dividend

Purchase of shares without entitlement to current dividends. This entitlement remains with the seller of the shares.

Final Salary Scheme

An employer pension scheme, the benefits of which are linked to length of service and the final salary of the member (also known as defined benefit).

Fixed interest

A loan with an interest rate that will remain at a predetermined rate for the entire term of the loan. See bond.

FTSE All-Share

An arithmetically weighted index of leading UK shares (by market capitalisation) listed on the London Stock Exchange (LSE). The FTSE 100 Index covers only the largest 100 companies.

Funding Level

A comparison of a scheme's assets and liabilities.

Futures Contract

A contract to buy goods at a fixed price and on a particular date in the future. Both the buyer and seller must follow the contract by law.

Gilts

The familiar name given to sterling, marketable securities (or bonds) issued by the British Government.

Hedge

Making an investment to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security, such as a **futures contract**.

Index Linked

A **bond** which pays a **coupon** that varies according to some underlying index, usually the Consumer Price Index.

LGPS

Local Government Pension Scheme.

LSE

London Stock Exchange

Mandate

The agreement between a client and investment manager laying down how the portfolio is to be managed, including performance targets.

Market Value

A security's last reported sale price (if on an exchange) i.e. the price as determined dynamically by buyers and sellers in an open market. Also called market price.

Option

The name for a contract where somebody pays a sum of money for the right to buy or sell goods at a fixed price by a particular date in the future. However, the goods do not have to be bought or sold.

Passive Management

A style of fund management that aims to construct a portfolio to provide the same return as that of a chosen index. Compare with **active management**.

Pension Fund

A fund established by an employer to facilitate and organise the investment of employees' retirement funds contributed by the employer and employees. The **pension fund** is a common asset pool meant to generate stable growth over the long term, and provide pensions for employees when they reach the end of their working years and commence retirement.

Private Equity

When equity capital is made available to companies or investors, but not quoted on a stock market. The funds raised through private equity can be used to develop new products and technologies, to expand working capital, to make acquisitions, or to

strengthen a company's balance sheet. Also known as **development capital**.

Property Unit Trusts

Pooled investment vehicles that enable investors to hold a stake in a diversified portfolio of properties.

Return

Synonymous with profit, be it income received, capital gain or income and capital gain in combination. Usually expressed as a percentage of the nominal value of the asset.

Risk

The likelihood of performance deviating significantly from the average. The wider the spread of investment in an investment sector or across investment sectors, i.e. the greater the diversification, the lower the risk.

Scheme Employers

Local authorities and other similar bodies whose staff automatically qualify to become members of the pension fund.

Security

An investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government, or other organisation, which offers evidence of debt or equity.

Socially Responsible Investment (SRI)

Investments or funds containing stock in companies whose activities are considered ethical.

Specialist Manager

A fund management arrangement whereby a number of different managers each concentrate on a different asset class. A specialist fund manager is concerned primarily with **stock selection** within the specialist asset class. **Asset allocation** decisions are made by the investment committee, their consultant or by a specialist

tactical asset allocation manager (or combination of the three).

Stock

A type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings. Also known as shares or **equity**.

Stock Selection

The process of deciding which stocks to buy within an asset class.

Tracking Error

An unplanned divergence between the price behaviour of an underlying stock or portfolio and the price behaviour of a benchmark. Reflects how closely the make-up of a portfolio matches the make-up of the index that it is tracking.

Transaction Costs**Unit Trust**

A pooled fund in which investors can buy and sell units on an ongoing basis.

Unlisted Security

A security which is not traded on an **exchange**.

Unrealised Gains/(losses)

The increase/(decrease) at year-end in the market value of investments held by the fund since the date of their purchase.

Yield

The rate of income generated from a stock in the form of dividends, or the effective rate of interest paid on a bond, calculated by the coupon rate divided by the bond's market price. Furthermore, for any investment, yield is the annual rate of return expressed as a percentage.

Those costs associated with managing a portfolio, notably brokerage costs and taxes.

Transfer Value

The amount transferred to/from another pension fund should a member change employment. The amount transferred relates to the current value of past contributions.

Transition

To move from one set of investment managers to another.

Underwriting

The process by which investment bankers raise investment capital from investors on behalf of corporations and governments that are issuing securities (both equity and debt).

Annex 1:

Techniques for Calculating Fee Savings from Asset Pooling



Annex 1: Techniques for Calculating Fee Savings from Asset Pooling

Savings Analysis from Asset Pooling Calculating price and quantity variances for an asset portfolio transferred to BCPP UK Equity Alpha Fund using 31/10/2018 valuations, as at 31/03/2019			Rounded to nearest £1000
		%	
Value of UK Equities as at as at 31/10/2018	£316m	70.38%	
Value of UK Equities as at as at 31/10/2018	£133m	29.62%	
Total Value of UK Equities	£449m	100.00%	
Ad valorem fee rate			
Fund Manager 1	24bps per £1m		
Fund Manager 2	35bps per £1m		
Value of Assets as at 31/03/2019	£464m		
Ad valorem fee rate	33bps per £1m		
Price Variance Workings			
	(£464m x 70.38%) x		
Current Fund Values at old fee rate:	£0.0024		£784,000
	(£464m x 29.62%) x		
	£0.0035		£481,000
			£1,265,000
	Current Fund Value at new fee rate:	£464m x £0.0033	£1,531,000
Price Variance			£266,000
Quantity Variance Workings			
	£0.0024 x (£449m - £464m) x		
Old fee rate x (old fund value - new fund value):	70.38%		-£25,000
	£0.0035 x (£449m - £464m) x		
	29.62%		-£16,000
Quantity Variance			-£41,000
Total Variance Workings			
	£1,224,000 -		
Old fees - new fees:	£1,531,000=		-£307,000
Total Variance			-£307,000

Annex 1: Techniques for Calculating Fee Savings from BCPP UK Equity Alpha Fund

Savings Analysis from Asset Pooling Calculating price and quantity variances for an asset portfolio transferred to BCPP UK Equity Alpha Fund using 31/10/2018 valuations, as at 31/03/2019			Rounded to £000s
			%
Value of UK Equities as at as at 31/10/2018	£316m		70.38%
Value of UK Equities as at as at 31/10/2018	£133m		29.62%
Total Value of UK Equities	£449m		100.00%
Ad valorem old fee rate			
Fund Manager 1	24bps per £1m		
Fund Manager 2	35bps per £1m		
Value of Assets as at 31/03/2019	£464m		
Ad valorem new fee rate	0bps per £1m		
Price Variance Workings			
	(£464m x 70.38%) x		
Current Fund Values at old fee rate:	£0.0024		£653,000
	(£464m x 29.62%) x		
	£0.0035		£137,000
			£790,000
	Current Fund Value at new fee rate:	£464m x £0.0000bps	£0
Price Variance			-£790,000
Quantity Variance Workings			
	£0.0024 x (£449m - £464m) x		
Old fee rate x (old fund value - new fund value):	70.38%		-£25,000
	£0.0035 x (£449m - £464m) x		
	29.62%		-£16,000
Quantity Variance			-£41,000
Total Variance Workings			
	Old fees - new fees:	£790,000 - £0 =	£749,000
Total Variance			£749,000
Total Manager Fee Savings per annum			£442,000

Annex 1: Techniques for Calculating Fee Savings from BCPP Global Equity Alpha Fund

Savings Analysis from Asset Pooling Calculating price and quantity variances for an asset portfolio transferred to BCPP Global Equity Alpha Fund using 30/09/2019 valuations, as at 31/03/2020			Rounded to £000s
Value of Global Equities as at 30/09/2019	£556m	%	100.00%
Total Value of Global Equities	£556m		100.00%
Ad valorem fee rate			
Fund Manager 1	55bps per first £60m, 35bps >£60m		
Value of Assets as at 31/03/2020	£446m		
Ad valorem fee rate	33.7bps per £1m		
Price Variance Workings			
Current Fund Values at old fee rate:	(£60m) x £0.0055		£330,000
	(£446m - £60m) x £0.0035		£1,351,000
			£1,681,000
Current Fund Value at new fee rate:	£446m x £0.00337		£1,503,000
Price Variance			-£178,000
Quantity Variance Workings			
Old fee rate x (old fund value - new fund value):	£0.0035 x ((£556m - £60m) - (£446m - £60m))		£385,000
Quantity Variance			£385,000
Total Variance Workings			
	£2,066,000 - Old fees - new fees: £1,503,000 =		£563,000
Total Variance			£563,000

No Performance fee savings. No performance fees paid for previous manager and current manager

Annex 2 – Administration Performance Report

ADMINISTRATION - ONGOING WORKFLOW

No	Description	Performance standard	Tolerable performance*	2019-20					
				No of cases received	No of cases completed	No of cases completed within SLA	Percentages of cases completed within SLA (Score and RAG)	Average time from start to finish to complete cases (in days)	Number of cases outstanding (total backlog)
OW 1	OVERVIEW		-	-	-	-	-	-	-
OW 1.1	TOTAL SURREY CASES Total number of cases in period	N/A		17,314	14,878	11,760			11,338
OW 1.2	TOTAL SURREY CASE BACKLOG Total number of cases in period	N/A							
OW 1.3	SCHEME MEMBERSHIP Number of members in the Surrey LGPS	N/A							
	Active members	N/A							
	Deferred members	N/A							
	Pensioner members	N/A							
OW 1.4	TOTAL OPT OUTS Total percentage of SCC eligible members not currently in the Surrey LGPS	N/A		8.97%					
OW 1.5	TOTAL ORBIS MEMBERSHIP	N/A							

OW 1.6	EMPLOYERS Number of employers in the Surrey LGPS	N/A							
	Councils	N/A							
	Academies	N/A							
	Admission bodies	N/A							
	Other	N/A							
OW 2	CASELOAD DETAIL (MEMBERS)								
OW 2.1	NEW STARTER New scheme member to be set up on Altair, check payroll details, request any transfers and send a statutory notice sent to the member.	30 working days	80%	4,813	3,048	3,048	63%	Processed outside of Altair	0
OW 2.2	DEFERRED STATUS Calculate pay, check membership, calculate deferred benefits, update Altair and issue a benefit statement.	2 months	80%	2,189	2,592	1,238	57%	116	4823
OW 2.3	RETIREMENT (INITIAL NOTIFICATION) Calculate pay, membership and retirement benefits and send initial letter and forms to member.	15 working days	80%	1,928	2,054	1,749	91%	13.75	222
OW 2.4	RETIREMENT (COMPLETE) upon receipt of all the forms and pay the retirement grant, update Altair, set up the pension on the payroll and send a benefit statement to the member.	15 working days	85%	1,383	1,449	1,296	94%	10.75	115

OW 2.5	<p>DEATH NOTIFICATION</p> <p>Stop any pension, send condolences letter, request details of any dependents / beneficiaries and send claim forms for any balance / overpayment / Death Grant.</p>	5 working days	90%	504	562	443	88%	10.25	94
OW 2.6	<p>SURVIVOR'S PENSIONS</p> <p>Upon receipt of all relevant certificates, forms and supporting evidence set up all survivor's pensions on the payroll and send each beneficiary a pension statement.</p>	10 working days	90%	220	338	299	136%	16.25	33
OW 2.7	<p>DEATH GRANT PAYMENT</p> <p>Upon receipt of all the certificates, claim forms and details of potential beneficiaries the Death Grant and any balance of pension should be paid and the return of any overpayment requested. The Pension Section should notify the relevant parties of any payments / decisions in writing.</p>	10 working days	90%	329	266	232	71%	21.75	96
OW 2.8	<p>ILL HEALTH RETIREMENT (INITIAL)</p> <p>Upon receipt of all the relevant documents, send an estimate and the claim forms and request the certificates.</p>	15 working days	90%	27	39	27	100%	30.25	8
OW 2.9	<p>ILL HEALTH RETIREMENT (COMPLETE)</p> <p>Upon receipt of all forms / certificates, update Altair, pay the retirement grant, set</p>	15 working days	90%	45	47	46	102%	9.25	4

	up the pension on the payroll and update Altair.								
OW 2.10	MEMBER CORRESPONDENCE Respond to member queries (Helpdesk)		70%	-	No. of calls = TBC	-		-	-
OW 2.11	REFUNDS Check the record, calculate the refund due and make payment	20 working days	80%	3,014	1,449	931	31%	55.25	2921
OW 2.12	LGPS TRANSFER IN (ESTIMATE) Upon receipt of the service statement, check the service details and inform the member of the option to transfer and advise them of the timescales.	20 working days	80%	2,132	623	472	22%	109.5	1688
OW 2.13	LGPS TRANSFER IN (ACTUAL) Check that the membership and payment received is correct, update Altair and send a service statement to the member.	20 working days	80%	492	474	439	89%	22.25	114
OW 2.14	NON-CLUB TRANSFER IN (ESTIMATE) Check the transfer quotation and inform the member of the service / pension credit it would purchase, the option to transfer and the relevant timescales.	20 working days	80%	277	236	161	58%	120	871
OW 2.15	NON-LGPS TRANSFER IN (ACTUAL) Check that the payment and the details are correct, update Altair and send a service statement to the member.	20 working days	80%	50	53	N/A		N/A	8
OW 2.16	LGPS TRANSFER OUT (ESTIMATE) Send deferred benefit statement to the new employer.	20 working days	80%	493	433	363	74%	32.25	123

OW 2.17	LGPS TRANSFER OUT (ACTUAL) Make payment to the new administering authority after twelve months / upon receipt of membe's election and update Altair.	20 working days	80%	385	376	322	84%	31.75	58
OW 2.18	NON-LGPS TRANSFER OUT (ESTIMATE) Upon request send transfer quotation and discharge forms.	20 working days	80%	446	420	324	73%	22.5	111
OW 2.19	NON-LGPS TRANSFER OUT (ACTUAL) Check that all the discharge forms have been completed correctly, check tPA register, make payment and update Altair.	20 working days	80%	81	96	69	85%	25.25	24
OW 2.20	EARLY RETIREMENT STRAIN Invoice to be raised as soon as the pension benefits are put into payment and a copy sent to the Pension Fund Team.	5 working days	95%	26			100%		
OW 2.21	STRAIN INVOICES TO BE PAID BY EMPLOYERS	30 working days	95%		26		100%		
OW 3	CASELOAD DETAIL (EMPLOYERS)								
OW 3.1	CONTRIBUTIONS RECEIVED Pension Fund 100% (total value) of contributions to be received by 21st day of the ensuing period.	N/A	95%				96%		
OW 3.2	EMPLOYER ESTIMATE Upon request, provide employer with early retirement estimate.	10 working days	80%	204	245	201	99%	8	25
OW 4	COMPLAINTS / BREACHES								
OW 4.1	BREACHES Breaches logged in period	N/A		1					

OW 4.2	BREACHES Material breaches reported to tPR	N/A							
OW 4.3	MEMBER COMPLAINTS Complaints logged by the customer services team.	N/A							
OW 4.4	IDRPs IDRPs logged in period	Normally two months		17	8	8	47%		
OW 4.5	IDRPs IDRPs upheld / partially upheld in period	Normally two months		8	3	3	38%		



**Surrey
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