

Surrey Local Pension Board Annual Report 2020/21



Surrey
Pension
Fund

Our Mission



To deliver **first-class service** to **Surrey Pension Fund stakeholders** through **strong partnerships with scheme members, employers, the Border to Coast Pool and the wider LGPS community.**

The **highest standards of corporate governance** are **fundamental** to our approach underpinned by **informed decision making Environmental, social and Governance considerations, risk management** and use of **technology.**





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1. Chairman's Statement



Welcome to the Annual Report of the Surrey Local Pension Board. It has been a challenging year for Surrey Pension Fund and the wider Local Government Pension Scheme (LGPS). Covid-19 has posed significant issues. We have however

used 2020/21 to continue to build on and develop further the good practices developed since the Board was established in 2015.

The Board is a requirement under the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013. Its primary function is to assist the Pension Fund Committee and Surrey County Council with:

- 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 conducted oversight of the Pension Fund Committee in relation to actuarial valuations, changes in 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 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 the member and employer experience through quarterly KPI's, reports on projects, systems changes and evolving

pension legislation and best practice guidance. The Board also maintains oversight of the Fund's risk management protocols and risk registers.

I would like to commend the Pension Fund team and the Pensions Administration team for their quick adaptation to working remotely during the pandemic, ensuring that the Fund's basic functions of paying Fund members' benefits on time and the continuation of business-as-usual for pensions operations. The Chairman of the Pension Fund Committee and I received regular weekly updates from the Strategic Finance Manager on priority areas aligned with the Pensions Regulator's advice and the Fund's Covid-19 risk register.

The Board continues to meet ahead of the Committee to provide an effective oversight. It takes the lead in reviewing administrative performance, projects, the risk registers, and reporting issues of concern to the Committee. The Board also reviews the activities of the Committee at each subsequent meeting, providing its input as required.

I thank all members of the Board for their contributions and would highlight in particular Paul Bundy, David Stewart and Trevor Willington who have served since the Board's inception.

The meetings of the Surrey Local Pension Board are held in public. We welcome anyone with an interest in the Fund to attend and see for themselves how the Board operates. We are also open to suggestions from both employers and members about how we can best support them.

You can find out more by writing to the Board's supporting officer, Angela Guest at angela.guest@surreycc.gov.uk or phoning 07929 724773.

Cllr Nick Harrison

Chairman of the Surrey Local Pension Board

July 2021



2. Compliance checklist

| 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 11 February 2021. |
| 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 12 November 2020, with specific policies also reviewed periodically in 2020/21 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 policy was presented to the Board at its meeting on 11 February 2021. |
| 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.

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.

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.

k) Review the complete and proper exercise of employer and administering authority discretions.

The Board received a report on discretions on 31 July 2020 and due to receive a Discretions Update in November 2021.

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 2019/20 on 12 November 2020.

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 11 February 2021.



3. Schedule of Meetings and Agenda Items 2020/21

31 July 2020 (Informal due to inquoracy)

- Changes to the Management Arrangements for Pension Administration
- Summary of the Pension Fund Committee Meeting of 12 June 2020
- Administration Update (1 April 2020 to 30 June 2020)
- Administration Performance Report
- Risk Registers 2020/21
- Training Policy
- Compliance with TPR
- Surrey Local Pension Board Annual Report 2019/20
- Discretions Policies Update
- Recent Developments in the LGPS

12 November 2020

- Summary of the Pension Fund Committee Meeting of 11 September 2020
- Administration Update
- Administration Performance Report
- Risk Registers
- McCloud and Exit Cap
- Recent Developments in the LGPS
- Review of Internal Dispute Resolution Cases in 2020/21
- Annual Report
- Communications Update
- Turnaround Board Update

11 February 2021 (Informal due to inquoracy)

- Administration Update
- Administration Performance Report
- Risk Registers 2019/20 Quarter 3
- Communications Policy
- Compliance with The Pensions Regulator's Code of Practice No. 14
- National Knowledge Assessment (NKA) Results and Training Plan
- Recent Developments in the LGPS
- Review of Internal Dispute Resolution Cases (Quarter 3)
- Summary of the Pension Fund Committee Meeting of 11 December 2020
- Annual Benefit Statements - Breach of Law Report Quarter 3
- Accounting for Tax - Breach of Law Report Quarter 3
- Turnaround Board Update

27 May 2021 (Cancelled)



4. Surrey Local Pension Board Attendance and Training Log 2020/21

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 | January 2021 |
| (PB) Paul Bundy | Scheme employers | 17 July 2015 | N/A |
| (DS) David Stewart | Scheme members | 17 July 2015 | N/A |
| (TW) Trevor Willington | Scheme members | 17 July 2015 | N/A |
| (TM) Tina Matravers | Scheme members | 29 January 2016 | September 2020 |
| (SK) Siobhan Kennedy | Scheme members | 29 April 2020 | N/A |
| (RD) Rohit Dara | Scheme employers | 22 September 2020 | N/A |
| (FS) Fiona Skene | Scheme members | 10 December 2020 | N/A |

Meeting attendance

| Meeting date | In attendance | Apologies |
|-----------------------------|----------------|-----------|
| 31 July 2020 (informal) | PB, NH, TW | DS, GE |
| 12 November 2020 | NH, SK, TW, FS | DS, GE |
| 11 February 2021 (informal) | PB, NH, SK | TW, FS |
| 27 May 2021 | cancelled | |

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

| Date | Meeting | In attendance |
|-------------------|---|---------------|
| 21 April 2020 | Hymans - Keeping the LGPS connected Webinar | NH |
| 06 May 2020 | LGPS Live | NH, TW, SK |
| 24 May 2020 | Members' Annual Event Webinar | NH |
| 13 August 2020 | Hymans - Keeping the LGPS connected | NH |
| 09 September 2020 | BCPP Property Development Webinar | PB |
| 06 October 2020 | Fundamental Training Day 1 | PB |
| 7 October 2020 | Fundamental Training Day 2 | PB, RD |
| 7 October 2020 | Fundamental Training Day 3 | PB |
| 11 February 2021 | Minerva - ESG training | PB, NH, SK |



5. Register of Interests

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 an LGPS pension? | Stated 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 has no role in relation to the Surrey Pension Fund and no role more generally in providing banking or other services to Surrey County Council. | N/A |
| Paul Bundy | Employer | 17/07/2015 | Head of Finance, Surrey 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 |
| David Stewart | Member | 17/07/2015 | Senior HR Business Partner – Reward at University of Law. | Yes | No | Employer's pension services administered by Orbis - this is managed by being recorded at each meeting, and any likelihood of conflict arising mitigated by the member removing himself from the discussion. | N/A |
| Trevor Willington | Member | 17/07/2015 | N/A | Yes | No | N/A | N/A |



| | | | | | | | |
|------------------------|-----------|-------------------------|---|-----|----|--|-----|
| <i>Siobhan Kennedy</i> | Member | 25/04/2020 | Homelessness, Advice & Allocations Lead for Guildford Borough Council. | No | No | N/A | N/A |
| <i>Rohit Dara</i> | Member | 22/09/2020 | GMB branch secretary | No | No | N/A | N/A |
| <i>Fiona Skene</i> | Member | 10/12/2020 | Corporate Head of HR & OD – Runnymede Borough Council. | No | No | 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 |
| <i>Graham Ellwood</i> | Employer | 14/06/2017 – 27/01/2021 | Elected Member of Surrey County Council; Independent Financial Adviser with Station Financial | No | No | N/A | N/A |
| <i>Tina</i> | Matravers | 29/01/2016 – 22/09/2020 | GMB Branch Secretary Surrey County Branch County Hall | Yes | No | N/A | N/A |