

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 2.00 pm on 5 August 2021 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 11 November 2021.

(* present)

Elected Members:

- Rohit Dara
- * Tim Evans (Chairman)
- * Siobhan Kennedy
- * David Lewis (Vice-Chairman)
- * William McKee
- * Fiona Skene
- * Jeremy Webster
- * Trevor Willington

21/21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were no apologies.

22/21 MINUTES FROM PREVIOUS MEETINGS [Item 2]

The minutes were agreed as an accurate record of the meeting.

23/21 DECLARATIONS OF INTEREST [Item 3]

Tim Evans, Trevor Willington and William McKee stated that they received a pension from the Fund.
There were no other interests declared.

24/21 QUESTIONS AND PETITIONS [Item 4]

There were none.

25/21 FORWARD PLAN [Item 5]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

The Strategic Finance Manager explained that the forward plan was fluid and would be reviewed throughout the year.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the forward plan.

26/21 ADMINISTRATION UPDATE [Item 6]

Speakers:

Clare Chambers, Pensions Service Delivery Manager
Colette Hollands, Senior Pensions Programme Manager
John Smith, Pension Governance & Employer Manager

Key points raised in the discussion:

1. The Pensions Service Delivery Manager gave a detailed introduction to the submitted report and included the following information:
 - The help desk had recently recruited an additional seven temporary staff to help manage an increase in demand, especially around this time of year with annual benefit statements and annual allowance statements being produced and issued.
 - A couple of highlights from our engagement and education team included doing a huge piece of work recently developing an employer website which we don't have at the moment. Communications had been issued to all scheme employers requesting the necessary data for McCloud and we have a dedicated mailbox for any queries and responses. McCloud data interface that had been developed by the system provider is currently being tested.
 - The Annual Benefit Statement project was progressing well and any outstanding statements were due to a number of queries around data and were with scheme employers at the moment. The introduction of iconnect for the Surrey and SAP employers has made a big difference this year for the Annual Benefit Statement project as data has been received on a monthly basis and the normal end of year data cleanse for those employers has not needed to be done.
2. In response to a Member query on the effect of the Guaranteed Minimum Pension Reconciliation on fund members, the Senior Pensions Programme Manager reported that work was being undertaken with Mercer, who are doing the GMP (Guaranteed Minimum Pension) data analysis so the Board should receive detail on actual numbers of cases reconciled as part of this exercise at the next Board meeting.
3. A Member asked about the provision of advice online for those made redundant. The Pension Governance & Employer Manager explained that Surrey did not abate pensions. The Pensions Service Delivery Manager further reported that the team could look into that to provide guidance and support but needed to be careful about giving advice. The following link was given post-meeting for Members to view available information on the website: [redundancy-or-efficiency-retirement-from-the-lgps-surrey-v3.pdf \(surreypensionfund.org\)](https://www.surreypensionfund.org/redundancy-or-efficiency-retirement-from-the-lgps-surrey-v3.pdf)
4. The Chairman praised staff on the achievement of getting on track with Benefit Statements by the statutory deadline.

Actions/further information to be provided:

That the Board be sent the members' newsletter before the next meeting.

Recommendations:

The Board noted the report.

Actions/further information to be provided:

That the Board be sent the members newsletter before the next meeting.

Recommendations:

The Board noted the report.

27/21 ADMINISTRATION PERFORMANCE REPORT [Item 7]**Speakers:**

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager introduced the Administration report and highlighted:
 - A bit of background for the benefit of new board members and how the pension team had moved from Orbis to the Council's finance directorate
 - That the team were looking at how performance figures were reported and whether there was any need for change

He also explained

- the Red/Amber/Green (RAG) rating system used in the report
 - that there was an issue for terminated cases.
2. The Pension Governance & Employer Manager explained that the number of terminated cases was notable, and the Administration Team had done some work on this following the writing of the submitted report.
 3. The Pensions Service Delivery Manager explained that the work undertaken on the number of terminated cases showed that there was an issue with the quotation robot. She went on to explain how the robot worked and that there was more work needed on the robot. Other areas for termination included duplication and that Mercer were doing some work in this area for which they were creating their own cases to do this. It was confirmed that there was no negative impact to fund members.
 4. In response to a Member query about why there were 5,000 outstanding cases over two years and where that sat with best practice the Strategic Finance Manager explained the need to look at this in conjunction with the audit report on the agenda. There were some systemic issues and these would be covered in the discussion of the Turnaround report.
 5. In response to a Member query about the average number of cases per staff per day and what the measure was the Strategic Finance Manager explained that activity levels needed to improve and again this was part of the Turnaround Programme.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

28/21 ANNUAL REPORT [Item 8]**Speakers:**

Neil Mason, Strategic Finance Manager (Pensions)
Ayaz Malik, Senior Pensions Finance Specialist

Key points raised in the discussion:

1. The Chairman thanked Nick Harrison, the outgoing chairman, for the work done on the annual report.
2. The Senior Pensions Finance Specialist explained that the Board were looking at a draft report at this meeting which would be incorporated into a report to go to the next meeting of the Pension Fund Committee. The final report and financial statement would come back to the Board in November. He also explained that the accounts were still being audited and were expected to be completed by early September.
3. The Strategic Finance Manager reported that the draft accounts were published with the Pension Fund Committee agenda at the last meeting and were available to Members online.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

29/21 BREACH OF LAW REPORT [Item 9]**Speakers:**

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager explained that this was a standing item whether or not there was a nil return.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

30/21 SUMMARY OF THE PENSION FUND COMMITTEE MEETINGS OF 11 DECEMBER 2020 AND 9 JULY 2021 [Item 10]**Speakers:**

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager introduced the summary report of the Pension Fund Committee and explained that the Board would normally have sent a report to the Committee but due to election timing there was not a Board report to the Committee at the last meeting. He highlighted the following:
 - annexes to the report as being of note to the Board
 - that there was a positive cashflow and the Board would receive a detailed analysis of this annually
 - the Fund was 96% funded
 - paragraph 9 of the report where the impact of climate risk on the Fund was amended

- the map of the Surrey portfolio against the UN SDGs (United Nations Sustainable Development Goals),
 - the passive portfolio change to the LGIM 'future world fund' and
 - paragraph 23 onwards which highlighted the work with Border to Coast.
2. In response to a Member query regarding the implications for the green agenda the Strategic Finance Manager confirmed that every asset change maintains fiduciary duty and had no impact on the members' benefits payable from the Fund.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

31/21 CYBER SECURITY [Item 11]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

John Smith, Pension Governance & Employer Manager

Key points raised in the discussion:

1. The Strategic Finance Manager introduced the cyber security report which was a summary of the cyber security situation with the growth of the Council's Corporate Security Policy that interacts with the Fund. Also, the cyber security policy of the custodian, Northern Trust.
2. The Board queried Logotech and what it was and also asked if any test procedure had taken place to show what would happen if there was a crisis. The Pension Governance & Employer Manager explained that there were several strands to business continuity and that the Surrey Fund was reliant of the host authority which did not have to scale to have a dedicated IT system. Logotech had been approved by internal audit.
3. In response to a Member query about plans and resources for implementing tPR (the Pensions Regulator) recommendations the Pension Governance & Employer Manager spoke of plans for continuous improvements and that compliance on the TPR recommendations would be sought. The Strategic Finance Manager went further to explain that the recommendations of the report seek to address the additional resource and training. It was not yet known how much additional resource would be needed but a report would be provided to the Board in the Autumn.
4. A Member queried paragraphs 5 to 9 of the cyber security policy and how that related to individual members. The Strategic Finance Manager explained that there would be training for individuals to understand their responsibilities and that the Board, as an entity, would have its own responsibilities.

Actions/further information to be provided:

None.

Recommendations:

1. The Board agreed that the following should be expedited as a matter of urgency:
 - a) Cyber security training for officers, Board and Committee members should be incorporated in the Fund's training plan, and
 - b) That a cyber security risk register should be created / the Administration Risk Register should be expanded in accordance with tPR recommendations

32/21 REVIEW OF INTERNAL DISPUTE RESOLUTION CASES IN 2021/22 (QUARTER ONE) [Item 12]**Speakers:**

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager introduced the update report which summarised one complaint that had not been upheld and asked if the Board were happy to receive this report in this format.
2. The Board requested more detail be included for serious cases but the summary was fine for the lesser cases. It was also requested that future reports include learning outcomes from cases.

Actions/further information to be provided:

None.

Recommendations:

1. The Board noted the report and requested that future reports include learning outcomes from cases.

33/21 SUMMARY OF THE 2020/21 INTERNAL AUDIT REVIEWS OF INVESTMENTS AND ADMINISTRATION AND DETAILS OF THE 2021/22 INTERNAL AUDIT PLAN [Item 13]**Speakers:**

Neil Mason, Strategic Finance Manager (Pensions)

Elaine Laycock, Principal Auditor

Ayaz Malik, Senior Pensions Finance Specialist

Key points raised in the discussion:

1. The Principal Auditor introduced a report which set out details of the Administration and Investment Audits. She explained that:
 - a) The Internal Audit opinion for the Investment audit was Reasonable Assurance. This opinion means that most controls were in place and were operating as expected to manage key risks to the achievement of system or service objectives.
 - b) The Internal Audit opinion for the Administration audit was Partial Assurance. This opinion meant that there were weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk. The report included 10 findings and associated agreed actions,

four of which has been assessed as high priority and six as medium priority actions.

2. In response to a Member query about reconciliation and the resource for that the Senior Pensions Finance Specialist explained that previously reconciliation was able to be done on a quarterly basis due to lack of staff. A new member of staff had been appointed and was being trained so hopefully, going forward, it would be done on a quarterly basis.
3. The Principal Auditor explained that Internal Audit has developed a new Strategy for the Internal Audit of the Surrey Pension Fund. The Surrey Pension Fund Internal Audit Plan for 2021/22 consists of a number of smaller targeted reviews rather than the overarching reviews undertaken previously. The outcomes of these reviews will be reported to the Pension Board in due course.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

34/21 RECENT DEVELOPMENTS IN THE LGPS [Item 14]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

The Strategic Finance Manager explained that Board Members should be receiving bulletins monthly and to let him know if they were not. There was nothing that he wished to highlight from the submitted bulletins.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

35/21 RISK REGISTERS [Item 15]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Ayaz Malik, Senior Pensions Finance Specialist

John Smith, Pension Governance & Employer Manager

Key points raised in the discussion:

1. The Strategic Finance Manager introduced the risk register report stating that he was happy to take a view from the Board on how it was compiled and explained that how risks were assessed across the council was being considered.
2. The Senior Pensions Finance Specialist highlighted the minor changes made to the administration risk register that had taken the Board comments, from the previous meeting, into account.
3. There were some queries around the register in relation to risk scores and whether or not actions taken had any effect on the scoring. The Strategic Finance Manager offered to work with the

Chairman on this outside of the meeting which was agreed by the Board.

Actions/further information to be provided:

That officers work with the Chairman on presenting the risk register.

Recommendations:

The Board noted the report.

36/21 SCHEME ADVISORY BOARD REVIEW OF GOVERNANCE IN THE LGPS [Item 16]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Key points raised in the discussion:

1. The Strategic Finance Manager introduced the Scheme Advisory Board (SAB) report and detailed some of the history behind it being set up which included:
 - The SAB was set up in 2017 to look at potential conflict between the sponsoring authority and pension fund, particularly the role of the S151 officer
 - Significant recommendations were made and, to ensure these were managed, it was ensured that the S151 officers have sufficient training in the LGPS and that there was a ring-fenced budget approved by the Pension Fund Committee. Also, that there was a specific officer with delegated powers responsible for the LGPS.
 - The report detailed phase 3 of the good governance review and the fund would put in place any necessary recommendations.
2. In response to a Member query it was reported that the MHCLG (Ministry of Housing, Communities & Local Government) would be producing statutory guidance by the end of this year but that was not a firm date.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

37/21 THE PENSION REGULATOR'S CONSULTATION ON A SINGLE COMBINED CODE OF PRACTICE [Item 17]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

John Smith, Pension Governance & Employer Manager

Key points raised in the discussion:

1. The Strategic Finance Manager explained that the proposal from tPR is that all defined benefit pension schemes have a standard code of conduct and that Surrey would have preferred to have had a tailored code of conduct.
2. Representations in favour of the existing tailored approach had been made by the Scheme Advisory Board on behalf of the LGPS but to no avail.

3. The Pension Governance & Employer Manager went on to say that the one-size-fits-all approach had led to some confusion for local government around responsibilities.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

38/21 TRAINING POLICY [Item 18]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Ayaz Malik, Senior Pensions Finance Specialist

Key points raised in the discussion:

1. The Strategic Finance Manager explained that Hymans Robertson had conducted a knowledge assessment last year and both the Board and Committee performed well. Tailored training would be given to new members in order to fulfil the statutory knowledge requirements.
2. The Senior Pensions Finance strongly recommended the LTF fundamental course to new members and explained that he kept a log of members training. If members were unable to make the dates for this he was happy to seek alternative training. Therefore, if any members attend training to let him know so that log could be kept updated.
3. In response to a Member query about how the deployment of knowledge was assessed the Chairman stated that members judged themselves and then it was up to the Council to decide whether or not members were invited back to sit on the Board. The Strategic Finance Manager stated that whilst there wasn't a performance matrix for the Board or Committee he would be happy to work with the Board if they wanted something in place.

Actions/further information to be provided:

None.

Recommendations:

1. The Board noted the report and agreed that all members should prioritise attendance at training events wherever practicable.
2. That new Board members complete the Pensions Regulator (TPR) toolkit by the next Board meeting in November was agreed.
3. That the Board reviews the training policy on an annual basis.

39/21 EXCLUSION OF THE PUBLIC [Item 19]

Resolved: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

40/21 TURNAROUND BOARD UPDATE [Item 20]

Speakers:

Neil Mason, Strategic Finance Manager (Pensions)

Nikki Neal, Programme Manager

Key points raised in the discussion:

1. The Strategic Finance Manager spoke in detail on the submitted exempt report and included:
 - The background detail of the audit report in 2018
 - The background detail to the breakup of the Orbis Partnership
 - Workstreams identified to bring the service in-house
 - Phase 2 was to design an organisation to produce improvements and so the teams were combined. It also looked at process weaknesses, cultural processes and technology
 - An optimal structure had been identified and the consultation phase with staff had started last week.
2. The Programme Manager explained that areas identified that were included to provide a sustainable improved services were:
 - The use of external support with benchmarking
 - The new structure was shared with teams last week
 - Improved training and development
 - Engagement with trade unions
 - Provision of a road map to maintain momentum
3. The Strategic Finance Manager assured the Board that resources were in place to deal with the transformation.
4. The Chairman commended the Strategic Finance Manager and team for continuing in the light of all the changes taking place, moving from county hall and the pandemic. He also reported that he and the Chairman of the Pension Fund Committee were involved with monthly turnaround meetings.
5. In response to Member queries it was reported that:
 - There were a total of 100 staff, including vacancies, in the structure at the moment but this was likely to reduce.
 - Staff would work in a more agile way, including many continuing to work from home.
 - The centre would be based at Dakota in Weybridge.
 - The Turnaround Programme continues to have the full support from the Director of Corporate Finance and the Executive Director of Resources.
6. A Member spoke of district and borough perceptions of the service they received and wanted to be assured that the project team would meet with the Head of Human Resources to assure them of the level of service they received, and that district and boroughs would like to feed into improvements. The Strategic Finance Manager stated that he would ensure stakeholders' requirements were met.
7. The Chairman stated that the report was exempt because it dealt with commercial entities outside of the Council but that reports on the next phase could be taken in public.
8. In response to a Member query regarding barriers to workstreams the Programme Manager explained that there was a detailed map behind each workstream and could give assurance that targets were being met. Also, consideration would be needed following the consultation.

Actions/further information to be provided:

None.

Recommendations:

The Board noted the report.

41/21 DATE OF THE NEXT MEETING [Item 21]

The Board noted that the next meeting would be held on 11 November 2021.

Meeting ended at: 4.43 pm

Chairman

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