

Surrey Pension Fund

Business Plan and Actions for 2021/22

Surrey Pension Fund Mission Statement

"To deliver a 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, ESG considerations, risk management and use of technology."

Investment

Objective(s)

- To have a clearly articulated strategy for achieving the return required to meet pension payments.
- To have a strategic asset allocation that delivers long-term investment returns, while taking the appropriate level of risk required
- To have sufficient liquid resources available to meet the Fund's ongoing obligations.
- To ensure material ESG factors are fundamental to all investment decisions.
- To appoint managers and advisors to deliver the investment strategy and monitor their effectiveness

| Action | Description | Timescale | Narrative |
|--------|---|--------------------------------------|---|
| 1 | Update the investment strategy statement to include investment core beliefs | July 2021 | Done |
| 2 | Monitor performance of investment managers/Border to Coast and report to Pension Fund Committee | Quarterly 2021/22 | Ongoing, quarterly and annual review |
| 3 | Reporting on Responsible Investment Outcomes achieved by Fund, BCPP and Engagement Partners, and developments in Responsible Investment Policy | Ongoing 2021/22 | Reporting ongoing. Engagement & Voting paper presented to PFC every quarter. RI Policy in final stages of review |
| 4 | Continue transition to national asset pooling (Border to Coast Pensions Pool) Multi-asset credit Emerging Market Equity Regional Equity Property Listed alternatives | Ongoing 2021/22 | Ongoing Assets transitioned to Multi-Asset Credit Fund in Oct-21 Fund options under review Fund options under review Fund options under review Assets transitioned to Listed Alternatives Fund in Feb-22 |
| 5 | Reviewing the risk attrition of the portfolio and how it compares against risk profile of the Fund | Ongoing 2020/21 with Border to Coast | Ongoing, risk scale and attribution to be analysed in Investment Strategy Review |
| 6 | Review Investment consultant and independent advice | July 2021 | Done |
| 7 | Review Competitions Market Authority (CMA) investment consultant strategic objectives | September 2021 | Done |
| 8 | Establish base-line pension fund budget 2022/23 | February 2022 | Done at high level Approach to be reviewed during 2022/23. |
| 9 | Monitor pension fund expenses for next financial year with the target of unit cost in lowest quartile in line with SAB Cost Transparency code | Ongoing – Sept 2021 | Under review with wider Pensions Team budget discussions |
| 10 | Produce Annual Statement of Accounts and achieve an unqualified audit | May 2021 | Done |
| 11 | Produce Pension Fund Annual Report | September 2021 | Done |
| 12 | Deliver environmental, social and governance (ESG) engagement forum | November 2021 | Done (LAPFF presentation) |
| 13 | Report on Cost Effective Measurements (CEM) investment benchmarking | December 2021 | Under review, ongoing |
| 14 | Taskforce for Climate Related Disclosures (TCFD) reporting | September 2021 | Ongoing, metrics under consideration |
| 15 | Stewardship code reporting | December 2021 | This is part of a sequential process. The Stewardship code reporting will follow agreement of the Responsible Investment Policy, currently being considered, and the Voting Policy |
| 16 | Implement replacement for gilts | Ongoing 2021 | Will be considered in the Investment Strategy Review and Valuation process of 2022 |
| 17 | Review passive portfolio | Ongoing 2021 | Purchase of Future World Global Equity Fund in Oct 21. Further changes to be considered in Investment Strategy Review |
| 18 | Review engagement framework with Border to Coast | Ongoing 2021 | Ongoing |

Funding

Objective(s)

- To ensure the long-term solvency of the Fund, using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- To ensure that employer contribution rates are affordable and stable.
- To reflect the different characteristics of scheme employers in determining contribution rates.
- To ensure administration costs attributable to scheme employers are charged proportionately to how they are accrued.
- To take reasonable measures to reduce the risk to all employers of any employer defaulting on its pension obligations.

| Action | Description | Timescale | Narrative |
|--------|--|--|--|
| 1 | Provide employers with IAS19/FRS102 funding statements when requested | Scheduled and admitted bodies: Mar 2021 Colleges: July 2021 Academies: August 2021 | Done |
| 2 | Monitor monthly and reconcile contributions schedule for the County Council and scheme employers | Ongoing - Monthly | Done. Aspiration for more frequent review of reconciliation. |
| 3 | Review Compensation process | Ongoing | Ongoing |
| 4 | Regular contributions / benefits, cash-flow | Quarterly | Produced. Aspiration for forward forecast. |
| 5 | Review TUPE Process | September 2021 | New process for legal documentation production initiated in 2022 |
| 6 | Plan for 2022 Valuation | September 2021 | 2022 Valuation underway |
| 7 | Integrated cashflow analysis | December 2021 | To be reviewed |

Governance

Objective(s)

- To deliver all LGPS administering authority functions to a high level of quality while recognising the need to deliver value for money.
- To ensure that policies support the strategic aims and objectives of the Fund.
- To ensure the effectiveness of the Pension Fund Committee, Local Pension Board and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies
- To ensure that decision making authority and areas of responsibility are clearly defined and reflected in the Council's Scheme of delegation, terms of reference and procedures.
- To recognise that communication is a two-way process and to communicate in a straightforward, effective and friendly way with all our stakeholders. We will listen and take on board all feedback.
- To ensure the Pension Fund Committee and officers procure professional advice and appropriate information and interpret, scrutinise and challenge that advice in their supervision and monitoring of the Scheme in all areas
- To enable the management of risks and internal controls to underpin the activities of the Fund
- To comply with relevant legislation, The Pensions Regulator's requirements and acknowledged best practice.
- To periodically seek external assurance as to the effectiveness of the governance framework. To report on this effectiveness.
- To act with integrity and transparency in a way that upholds public confidence in the management of Fund

| Action | Description | Timescale | Narrative |
|--------|---|---|--|
| 1 | Reasonably comply with any requests from the Local Pension Board with regard to any aspect of the Scheme Manager function | Ongoing 2021/22 | Ongoing |
| 2 | Give due consideration to recommendations made to the Pension Fund Committee from the Local Pension Board and respond to the Local Pension Board within a reasonable period of time | Ongoing 2021/22 | Ongoing |
| 3 | Commission the Local Pension Board to carry out specific studies to assist the Pension Fund Committee | Ongoing 2021/22 | Ongoing |
| 4 | Ensure ongoing risk assessments of the management of the fund for 2021/22 | Ongoing and reported to every committee meeting, via the Local Pension Board report | Done. Risk approach under review |
| 5 | To monitor a system of disaster recovery/business continuity in the event of major disaster | Ongoing 2021/22 February 2022 | Disaster Recovery policies in place revisited March 2022. To be further reviewed by Risk & Compliance Manager in 2022/23 |
| 6 | Review Pension Fund Committee and Local Pension Board member training requirements and implement training plan as appropriate | Ongoing 2021/22 July 2021 | Ongoing - full review once Training Officer in post |
| 7 | Agree annual plan for Committee, local Board members and officer training | July 2021 | Ongoing - full review once Training Officer in post |
| 8 | Ensure that meeting papers are issued at least seven days prior to meeting | Every Pension Fund Committee and Local Pension Board meeting | Ongoing |
| 9 | Review and catalogue all policies | Ongoing 2021/22 | Ongoing - full review to be undertaken by Governance Manager 2022/23 |
| 10 | Review compliance with the Pension Regulator's Codes of Conduct. | When combined code is known | Ongoing |
| 11 | Respond to all government consultations and report to the Pension Fund Committee as necessary | As and when required | Ongoing |
| 12 | Review and Catalogue Process Notes – | As and when required | To be reviewed 2022/23 |
| 13 | Ensure Border to Coast Shareholder Resolution are completed and signed by the Pension Fund Committee Chair | As and when required | Ongoing |
| 14 | Complete annual return to the Pensions Regulator | On notification by the Pensions Regulator | Ongoing |
| 15 | Delivery of Training plan | Ongoing | Ongoing - full review once Training Officer in post |
| 16 | Liaise with Internal Audit process | July 2021 | Ongoing |
| 17 | Review cyber security risk | July 2021 | Light touch review undertaken March 2022. To be further reviewed by Risk & Compliance Manager in 2022/23 |

Delivery

Objective(s)

- To ensure the correct benefits are paid to, and the correct income collected from, the correct people at the right time.
- To set out the administration standards expected of the Fund and scheme employers and the methods by which performance will be monitored and reported. To support employers in achieving those standards.
- To promote good working relationships and maximise efficiency between the SPF and scheme employers
- To ensure scheme employers are aware of and understand their roles and responsibilities under the LGPS regulations.
- To ensure that the Fund maintains accurate pension records and that all data is stored, handled, reviewed and disposed of securely and in accordance with its legal obligations.
- To ensure that the administration costs attributable to scheme employers are charged proportionately to how they are accrued.
- To ensure that Scheme members, employers and others who have dealings with the Fund receive a strong customer focused service.
- To ensure members are communicated effectively so that they understand and appreciate the value of their benefits.

| Action | Description | Timescale | Narrative |
|--------|---|---|---|
| 1 | Conduct monthly administration performance review meetings | Monthly | Done |
| 2 | Produce administration performance monitoring reports on a quarterly basis, after scrutiny from the Local Pension Board | Ongoing with reports due at each committee meeting | Ongoing |
| 3 | Ensure that any complaints against action or inaction by pension staff are dealt with in a timely manner | Ongoing – Monthly | Ongoing |
| 4 | Review the content of the pension fund website to ensure it is relevant and kept up to date. | Ongoing - monthly | Done |
| 5 | Monitor and review performance against the pension fund administration strategy | Ongoing - Quarterly in line Pension Board | Ongoing - review to be undertaken by Governance and Service Delivery Managers 2022/23 |
| 6 | Review communications strategy and Communication Plan | Annually – February | Ongoing - full review by Communications Manager to be undertaken |
| 7 | Production of a newsletter to pensioners in April each year | Annually - March | Done |
| 8 | Produce Newsletter for Employers | In accordance with the Pension Admin Comms Plan | Done |
| 9 | Produce Newsletter for Members | In accordance with the Pension Admin Comms Plan | Done |
| 10 | Timely production of benefit statements | Active members by 31 Aug | Done |
| | | Preserved members by 31 Aug | Done |
| | | Councillors by 31 Aug | Done |
| 11 | Annual Allowance | Annually - 6 October | Done |
| 12 | Ensure communication material complies with current legislation and effectively communicates the benefits of the scheme to members and employers. Ensure communication material is amended to comply with the requirements of the new regulations/legislation | Ongoing - Monthly | Ongoing |
| 13 | Communication on a timely basis of material scheme changes to Pension Fund Committee, Local Pensions Board, employer bodies and members | Ongoing | Ongoing |
| 14 | Prepare Pension Fund Annual Meeting (November) and receive feedback from employers | Annually - November | Done |
| 15 | Prepare for annual employer forum | Dates tbc | Ongoing - quarterly meetings undertaken in year |
| 16 | Review Mercer work on Guaranteed Minimum Pension (GMP) Reconciliation. | Ongoing – Monthly | Ongoing |
| 17 | Fund receive reassurance from the administration function that all member records are set up on the pension administration system and that all relevant documents are scanned and assigned to the appropriate record. | Ongoing – Monthly updates to include as part of the Pension Admin / Fund monthly Meetings | Ongoing |
| 18 | Plan for impact of McCloud | Phase 1 by April 2021 | Ongoing |
| 19 | Plan for Goodwin | Ongoing | Ongoing |
| 20 | Plan for GMP Equalisation | Ongoing | Ongoing - to be absorbed into BAU going forward |
| 21 | Data improvement – review data improvement plan | November 2021 | Done |

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