

**MINUTES** of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.30 am on 26 May 2022 at Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey ,RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 29 July 2022.

(\* present)

**Elected Members:**

- \* Tim Evans (Chairman)
- \* Siobhan Kennedy
- \* David Lewis (Vice-Chairman)
- William McKee
- \* Fiona Skene
- \* Jeremy Webster
- Trevor Willington – attended remotely via Teams

**In attendance**

Nick Harrison, Chairman of Surrey Pension Fund Committee

**12/22 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

Apologies were received from Trevor Willington and William McKee who both attended online.

**13/22 MINUTES FROM THE PREVIOUS MEETING (18 FEBRUARY 2022) [Item 2]**

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

**14/22 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**15/22 QUESTIONS AND PETITIONS [Item 4]**

There were none.

**16/22 FORWARD PLAN AND ACTION TRACKER [Item 5]**

**Recommendations:**

That the forward plan and action tracker be noted.

**17/22 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 10 MARCH 2022 [Item 6]**

**Speakers:**

Neil Mason, Assistant Director - LGPS Senior Officer

Nick Harrison, Chairman of Surrey Pension Fund Committee

**Key points raised during the discussion:**

1. The Chairman highlighted the statement agreed by the committee with regards to the invasion of Ukraine by Russia and the note added to the minute which confirmed that the pension fund committee was keeping the situation under review, consistent with its fiduciary duty.
2. The LGPS Senior Officer highlighted that:
  - The Board recommendations to the Committee regarding the risk register, were approved
  - The draft responsible investment policy will be brought to the Committee in June with a recommendation for approval, subject to consultation. That consultation will include members of the scheme, employees of the scheme, and it will be shared with Members of this Board.
  - That the committee approved a commitment to private markets climate opportunities fund to the value of around about £250m, which is produced by Border to Coast in their Series 2 Alternatives program.
3. The Chairman of the Pension Fund Committee confirmed that there has been some advice from the department about Ukraine and fiduciary duties and the Committee.

**Actions/ further information to be provided:**

None.

**Recommendations:**

That the report be noted.

**18/22 RISK REGISTERS 2021/22 QUARTER 4 [Item 7]****Speakers:**

Neil Mason, Assistant Director - LGPS Senior Officer

Paul Titcomb, Head of Accounting and Governance

Colette Hollands, Head of Service Delivery

**Key points raised during the discussion:**

1. The Head of Accounting & Governance explained that the risk registers were combined, and advice had been taken on how to present this. The register was to be simplified further and was work in progress. He explained that the numbering of the previous risks had been kept to maintain an audit trail but that going forward they would be clustered which would be used to provide risk heat maps.
2. A Member stated that risk 10 relating to the integration of Unit 4 and Altair be developed further as it was too general and that a timescale be applied to ensure there was enough time for full testing before it went live. In response to this and other Member queries on Unit 4 the LGPS Senior Officer stated that a launch date for Unit 4 had not been confirmed or what the testing process and schedule would be. If it was felt that there wasn't sufficient time or resource in order to meet the obligations of testing of our requirements, then the project would be pushed back. The Pension Team were not responsible for the Unit 4 rollout so were responding and reacting where appropriate. Until it was known what the planned rollout would be then sufficient resource to testing would be applied.

3. The LGPS Senior Officer undertook to look at the suggestion made by a Member that Unit 4 be included on the risk register in relation to banking controls audit.
4. A Member stated that he had seen, a couple of months back, and wasn't sure which LGPS fund it was, but one of them had effectively said it concluded, or was close to, concluding its GMP reconciliation and would be absorbing the impact of all overpayments. Is there anything in terms of central direction on that, that's come out at all? The Head of Service Delivery explained that at the very beginning of this, there was acknowledgement that it would be very difficult to recover overpayments. Therefore, across the industry regardless of whether it's LGPS there is a kind of agreement that overpayments would not be recovered. Individual schemes have to make that decision themselves, so there was a paper originally issued that set out the framework around considering overpayments as a result of the GMP rectification work which we would be passed to Members.

**Actions/ further information to be provided:**

None.

**Recommendations:**

1. That the report and the preliminary Combined Risk Register be noted.
2. To commend the revised Risk Register to the Pension Fund Committee.

*William McKee joined the meeting online at the end of this item.*

**19/22 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 JANUARY 2022 TO 31 MARCH 2022 [Item 8]**

**Speakers:**

Neil Mason, LGPS Senior Officer  
 Tom Lewis, Systems & Data Senior Manager  
 Colette Hollands, Head of Service Delivery

**Key points raised during the discussion:**

1. The LGPS Senior Officer explained that the KPI performance document was rather cumbersome and it didn't give a panoramic view of all activities within the new integrated pensions team. Officers were looking to revise those KPIs so that they covered all parts of the business investments and stewardship and accounting and governance as well as service delivery.
2. The Systems & Data Senior Manager presented highlights of the report that included:
  - Significant work undertaken on the backlog over the last quarter which was now expected to slow down as the more complex cases were left
  - Performance generally was good over the last quarter and the team were working within tolerance levels and moving in the right direction
3. A Member asked about comparison of performance with other LGPS providers to which the Systems & Data Senior Manager said that could be considered as well as benchmarking. The LGPS Senior Officer explained that the reason for not taking part in the CIPFA benchmarking was that it was difficult to find a fund that did things in the same way. He would provide details to the Board. Members were adamant that they did not

want officers wasting their time on pointless comparisons and discussed the usefulness of such exercise. It was agreed that what they needed to look at was that the figures were going in the right direction.

4. The Systems & Data Senior Manager continued presenting highlights of the report that included the following headlines:
  - Pensions Helpdesk – good progress being made
  - Engagement and Education – a large number of communications had been issued
  - Guaranteed Minimum Pension – this was a huge piece of work. The actual figures that would give an idea of what the financial impact would be, were expected no later than 31 August
  - McCloud – this was continuing and would be for some time yet. There had been delays in the remedy regulations. In terms of the actual project and working with employers 105 of the expected 127 employer or payroll returns had been received.
  - Data Cleansing – work on this was expected to take six months and work to date was on track.
  - Address Tracing – In response to a query regarding the age of 75 being used as a trace it was explained that the age 75 had a specific trace on them but all those listed as 'gone away' were included.
  - Pension Increase 2022 – this has now been applied to all member records.
  - Annual Benefit Statements (ABS) for 2022 – Employer responses had been good. By early June 25,000 active benefit statements will be posted to member self-service.
  - Pensions Administration System Developments – various work streams were described.
  - Breaches – the Chairman of the Committee requested that the Pension Board consider looking at setting up an escrow bank account in relation to death grants paid more than two years after being notified of the death. In response, it was explained that there was a number of these and officers were working through pulling together all the details of those cases. Setting up the escrow account has stalled following correspondence with the bank, however this could be revisited.

**Actions/ further information to be provided:**

None.

**Recommendations:**

The Board noted the report.

**20/22 TURNAROUND PROGRAMME UPDATE [Item 9]**

**Speakers:**

Neil Mason, LGPS Senior Officer

**Key points raised during the discussion:**

1. The LGPS Senior Officer introduced this report and confirmed that phase 1 - the turnaround programme was now complete and the move onto phase 2 – the transformation programme was underway. Therefore, future reports would be titled Transformation Update. He thanked the Chairmen of the Board and the Committee for their support.
2. Highlights of the Transformation programme would include:

- Embedding
  - Change of culture
  - Technical improvements with systems partners
  - Ensuring financial controls are more robust
  - Bringing the helpdesk back into the one pension team
  - The integration of the bank pension fund bank account
3. The LGPS Senior Officer confirmed that recruitment and selection for two vacancies was underway. This was the second time in going to market but it was hoped that confirmation of those posts being taken could be done later today.

**Actions/ further information to be provided:**

None.

**Recommendations:**

1. That the Board noted the report.
2. That the Board thanked the hard work of the Pension Team in this transformation.

**21/22 EXCLUSION OF THE PUBLIC [Item 10]**

**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.

**22/22 PROGRESS UPDATE OF 2021/22 INTERNAL AUDIT PLAN [Item 11]**

**Speakers:**

Neil Mason, LGPS Senior Officer  
 Paul Titcomb, Head of Accounting and Governance  
 Elaine Laycock, Audit Manager

**Key points raised during the discussion:**

The Board discussed a Part 2 report that set out the completed audits in the 2021/22 Internal Audit Plan and the progress made on agreed actions since the previous update provided to the Board meeting on 18 February 2022.

**Actions/ further information to be provided:**

None.

**Recommendations:**

The content of the update report was noted.

**23/22 BORDER TO COAST GOVERNANCE UPDATE [Item 12]**

**Speakers:**

Neil Mason, LGPS Senior Officer

**Key points raised during the discussion:**

The Board discussed a Part 2 report that provided the Board with details of current updates in governance and compliance for the Pension Fund's jointly owned asset manager, Border to Coast, including the review of the three main governance documents which support the establishment and running of

Border to Coast.

**Actions/ further information to be provided:**

None.

**Recommendations:**

1. The Board noted the report.
2. That an offline meeting with the Chairmen of the Board and the Pension Fund Committee take place with the LGPS Senior Officer to go through the potential governance changes and to make recommendations on that to the Pension Fund Committee.

**24/22 DATE OF THE NEXT MEETING [Item 14]**

It was noted that the next meeting would be held on 29 July 2022.

Meeting ended at: 12.13 pm

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**Chairman**