

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE: 11 NOVEMBER 2022****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 23 SEPTEMBER 2022 (POSTPONED FROM 9 SEPTEMBER)****SUMMARY OF ISSUE:**

This report provides the Local Pension Board (the Board) with a summary of any Surrey Pension Fund Committee (the Committee) meetings held since the last meeting of the Board.

RECOMMENDATIONS:

It is recommended that the Board:

1. Note the content of this report and make recommendations to the Committee if appropriate.

REASON FOR RECOMMENDATIONS:

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Manager in securing compliance with the Local Government Pension Scheme (LGPS) Regulations and requirements imposed by the Pensions Regulator. This report provides the Board with insight into the activities of the Surrey pension function and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

DETAILS:**Background**

1. The Committee met on 23 September 2022 following Her Majesty the Queen's passing on Friday 9th September. This report provides a summary of this meeting and any decisions made.

Local Pension Board report

2. The Committee received the report from the Board (shown as Annexe 1).

Risk Registers

3. The Committee agreed the following changes to the Risk Register, as recommended by the Board.

Risk ID	Status	Changes
2	New sub-risk	A more general cause of the risk of employers delaying payments has been included.
5	Score update	The likelihood score for risks associated with investment strategy has been raised to 'possible'.
9	Score update	The likelihood and impact scores for issues with team knowledge have been raised – primarily due to the potential implications of people leaving the team.
10	Sub-risk deletion	Risk 10C to be deleted.
13	New sub-risk	A sub-risk arising from the introduction of pensions dashboards has been included.
16	New	A separate risk of issues arising from the implementation of the new accounting system has been included.

Investment and Funding Update

4. The report showed the value of the fund £4,962m and the current funding position 108.2% as at 30 June 22 as shown in Annexe 2. It is noted that the position as at 31 March 2022 is used to determine the 2022 triennial actuarial valuation.

Engagement and Voting Update

5. The report summarised the activities of the Fund's engagement and voting partners, Minerva and Border to Coast (Robeco).
6. The Committee reaffirmed that ESG Factors are fundamental to the Fund's approach, consistent with the Mission Statement through:
 - a) Continuing to enhance its own Responsible Investment approach, its Company Engagement policy, and SDG alignment.
 - b) Acknowledging the outcomes achieved for quarter ending 30 June 2022 by Robeco in their Active Ownership approach and the LAPFF in its Engagement with multinational companies as of 30 June 2022.
 - c) Note the voting by the Surrey Pension Fund in the quarter ended 30 June 2022.

Annual Report

7. The Committee noted the draft Annual Report, subject to audit. It was agreed to that the final version would be signed off in consultation with the Chair.

Valuation 2022

8. The triennial valuation is on track. Engagement meetings are scheduled to discuss early result with senior employers which include Boroughs & Districts Police and Surrey County Council.

Asset Class Focus – Real Estate

9. The fund has c7.2% invested in real estate with CBRE. The assets are split 75% UK, 25% global. These assets are ultimately likely to transition to Border to Coast.
10. Border to Coast is proposing a global solution with the opportunity for the Fund to benefit from pooling economies of scale.

Responsible Investment Update

11. A six-week consultation on the draft Responsible Investment (RI) Policy was launched on 12 September 2022.
12. After debate regarding the consultation process, it was resolved to extend the consultation to eight weeks and invite all scheme employers to a virtual event regarding the consultation.

Task Force on Climate- Related Financial Disclosures TCFD Report

13. It is not a statutory requirement for LGPS funds to report against the TCFD, however, this is the third year that the Fund has submitted a TCFD report on a voluntary basis.
14. The Committee approved the TCFD report for the financial year 2021-22.

Net Zero Considerations

15. The investment consultant, Mercer, provided an analysis of the likely impact on the Fund if a net zero carbon date of before 2050 was targeted.
16. It was resolved that further work was needed in this area, including detailed scenario analysis, before a net zero target date could be targeted. Officers were tasked to continue work in this area, with appropriate advice.

Border to Coast Partnership Pathway to net zero

17. The progress made by Border to Coast Pensions Partnership (BCPP) towards measuring and monitoring carbon emissions within their funds and how target reductions will be set with reference to a net zero pathway to 2050 or sooner was presented.

Border to Coast Pensions Partnership Update

18. The paper provided the Pension Fund Committee with an update of current activity being undertaken by the Border to Coast Pensions Partnership (BCPP).
19. The committee were asked to note
- a) Schedule of activity since the last Committee meeting of 17 June 2022 until the end of the calendar year.
 - b) BCPP Joint Committee (JC) meeting of 20 June 2022.

CONSULTATION:

20. The Chairman of the Local Pension Board has been consulted on this report

RISK MANAGEMENT AND IMPLICATIONS:

21. Any relevant risk related implications have been considered and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

22. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

23. The Director of Finance, Corporate and Commercial is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

24. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

25. There are no equality or diversity issues.

OTHER IMPLICATIONS

26. There are no other implications.

WHAT HAPPENS NEXT

27. The following next steps are planned:
- a) Further updates will be provided to the Board at its next meeting on 17 February 2023

Contact Officer:

Adele Seex – Governance Manager

Consulted:

Local Pension Board Chairman

Annexes:

Annexe 1: Board Report to the Committee meeting of 23 September 2022

Annexe 2: Surrey Pension Fund Quarterly Summary

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