

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.30 am on 10 November 2023 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 16 February 2024.

(* present)

Elected Members:

- * Brendan Bradley
- * Tim Evans (Chairman)
- * Siobhan Kennedy
- * David Lewis (Vice-Chairman, in the Chair)
- * William McKee
- * Jeremy Webster
- * Trevor Willington

In attendance

Nick Harrison, Chairman of Pension Fund Committee (online)

47/23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Tim Evans and William McKee who both attended online. David Lewis was the Vice Chair in the Chair.

48/23 VOTE OF THANKS [Item 2]

The Board were informed that Fiona Skene had resigned as a member of the Board. Thanks was given for her contribution to the work of the Board over the last three years.

49/23 MINUTES FROM THE PREVIOUS MEETING: 28 JULY 2023 [Item 3]

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

50/23 DECLARATIONS OF INTEREST [Item 4]

There were none.

51/23 QUESTIONS AND PETITIONS [Item 5]

There were none.

52/23 GLOSSARY, ACTION TRACKER & FORWARD PLAN [Item 6]

Key points raised during the discussion:

1. It was requested that the layout of the workplan be reconsidered to reduce any repetitions.
2. Members also requested that accountancy acronyms be added to future glossaries.

Actions/ further information to be provided:

That the workplan and glossary be amended as requested above.

Recommendations:

To note the workplan and tracker.

53/23 CHANGE PROGRAMME UPDATE - QUARTER 3 [Item 7]**Speakers:**

Nicole Russell, Head of Change Management

Bradley Coxon, Senior Project Specialist

Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. A few Members stated they were unable to gain access to the dashboard. Officers to investigate access issues.
2. The Senior Project Specialist gave a detailed working presentation of the dashboard and the information that could be viewed.
3. The Board requested that the arrows should indicate trends compared to the previous data.

Actions/ further information to be provided:

1. To address the issue of access for Members.

Recommendations:

The Board noted the content of this report and made recommendations for the improvement of the dashboard.

54/23 SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 8 SEPTEMBER 2023 [Item 8]**Speakers:**

Nick Harrison, Chairman of Pension Fund Committee

Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. The Chairman of Pension Fund Committee highlighted a few areas discussed at the last Committee meeting, these were:
 - The Committee considered the cybersecurity review of third party providers and the committee has asked the Board to further investigate.
 - The Committee made a change from LGIM passive fund to a Border to Coast actively managed fund. It was stated that there was a journey to move the vast majority of assets to Border to Coast.
 - With regards to investment benchmarking the Committee had looked to see how costs compared with the market and other providers. The Committee were reassured in that the Fund's fees were reasonable..
 - With regards to the TCFD climate related financial disclosures report the Committee were reassured that that the trend of a reduction in carbon exposure had continued.
2. A Member stated that the pension fund was increasingly required by government to direct an element of its assets in a particular direction and asked if there will an attempt to measure that and any impact on the overall return. The LGPS Senior Officer explained that the recent

government consultation response did include requirement to consider assets connected to the UK Levelling Up themes and also an encouragement to invest 10% of assets in private equity. The government's response will be considered, however, all asset allocation decisions made by the Committee will be consistent with the Fund's investment strategy. An example of this was the work that is ongoing with Border to Coast, to design a Fund that realised opportunities in the UK, which are complementary to the Fund's current private market exposure.

Actions/ further information to be provided:

None

Recommendations:

The Board noted the report.

The Board agreed to rearrange the following two item so that the Risk Register report was considered prior to the Administration report.

55/23 RISK REGISTER UPDATE 2023/24 QUARTER 2 [Item 10]

Speakers:

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance introduced the submitted report and highlighted the following areas:
 - With regards to risk 16, several data population and access availability issues followed the initial go live with MySurrey. Process backlogs had built up as a result. Delayed processing remained a risk primarily due to ongoing configuration issues and the risk score has consequently been raised this quarter and would remain under review.
 - Regarding the MySurrey implementation, the system is being populated but there were continued difficulties in extracting data. There were several reports required that were not yet configured. There were resource intensive work-arounds in place and a solution was being progressed. There were other processing issues and payroll information remained an issue. An issues log had been compiled.
2. A Member asked if the system was implemented too early and whether there had been enough testing. The Head of Accounting & Governance responded that he could only speak from the perspective of the Pension Fund, but, that some additional testing for pensions may have been beneficial, for example with regards to reporting. Some generic reports were being used within the system, but irrelevant data had needed to be filtered and checked line by line. The ability to configure the exact fields needed from the reports was currently missing.
3. A Member asked if there was a timescale to the additional treat mechanisms on the risk register because it appeared that some of them were what you would want to have at the beginning of the implementation.
4. The Head of Accounting & Governance explained that they were working closely with the Digital, Business & Insights (DB&I) Team. The MySurrey helpdesk ticketing system had been used to make sure that concerns were raised within their own helpdesk and at the moment it was difficult to put time frames on it. Another issue was that the period of assistance by the original project team was originally three months post Go Live, had been extended to the end of the year but some of the people dealt with initially

had left, so there was a further transition issue on the assistance that was available.

5. A few Members, echoed by the Chairman of the Board, expressed concern about this issue which was systemic in that it affected so much of what can be done in terms of functioning of the Pensions Team and requested the issue be escalated to the Committee, and more generally, because it didn't only affect the Pensions Team. It was agreed that the Chairmen of the Board and Committee meet with the Director of Corporate Finance & Commercial along with the LGPS Senior Officer to discuss the form of escalation.

Actions/ further information to be provided:

That the Chairmen of the Board and Committee meet with the Director of Corporate Finance & Commercial along with the LGPS Senior Officer to discuss escalation of the MySurrey issues.

Recommendations:

1. The Board noted the report, the Risk Register and Financial System Update.
2. That the Board, with the Pension Fund Committee escalate concerns with MySurrey through the Director of Corporate Finance & Commercial.

56/23 ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 28 JULY 2023 TO 30 SEPTEMBER 2023 [Item 9]

Speakers:

Tom Lewis, Head of Service Delivery
Neil Mason, LGPS Senior Officer
Sandy Armstrong, Technical Manager

Key points raised during the discussion:

1. The Head of Service Delivery highlighted several aspects of the submitted report including:
 - It had been a testing period regarding the team's performance. Delivery was not at the level hoped or planned to be in the future. There had been an impact felt through the MySurrey with a 20% increase in cases that are coming from the customer relationship team (CRT) through to the back office. Not all the issues were due to MySurrey. There were known areas needing improvement; standardisation of processes and maximising the system that we have in place was being looked at.
 - Development of staff was being undertaken continually alongside regular meetings in the future with immediate benefits teams to discuss performance issues and improve internal governance and communication. It had been recognised that resilience of the immediate benefits team was not what it should and resources had been realigned with a move of three staff into that team from other areas. The impact of this had been assessed. Some improvement in the October figures around death grants and the retirements had already been seen
 - Work with the DB&I team and payroll to fill the gaps in terms of receiving information was ongoing, but there was not a clear indication of resolution from the DB&I team.

- Annex 1 figures had changed quite significantly. As an example, looking at deferred status the opening balance was quite high and now had come right down but that was due to the backlog being segregated from the day to day work. Next quarter figures should be a true indication of what is in operational BAU and the legacy team work will be in a in a separate space.
2. A Member asked if that meant that people coming to retirement in some cases were not receiving their pension on the due date. The Head of Service Delivery explained that there could be a six to seven week period depending on when information was received and where that fell into the cycle. Also, the speed in which information was received from the person taking their pension was important. However, in terms of missed Service Level Agreements (SLA) this was somewhere in the region of one to five days. There were too many that were falling in the days just over the SLA.
 3. A Member raised concern about ill health retirements as these were in a potentially vulnerable position regarding late payments so should be prioritised and asked if payment could be made prior to receiving full information and then revisiting once all information had been received. He also asked if there was something more fundamentally wrong that the Board should know about and referred to the movement of staff between teams that had been reported.
 4. The Head of Service delivery confirmed that ill health retirements were prioritised. He explained the new daily allocation of work that had been set up and discussed at the Board previously. The LGPS Senior Officer stated that he was confident in the new team and that a cultural change was happening and there were no fundamental issues. This would not happen overnight, and further changes would be made as needed.
 5. The Head of Service Delivery highlighted the work of the CRT as it moved away from being solely a help desk. Member support documents were being processed to help manage member expectations in the processes.
 6. The Head of Service Delivery highlighted the Guaranteed Minimum Pension (GMP) rectification work and the approach that had been taken in line with SAB guidance. Member expressed concern of this issue and hoped it would be concluded prior to the 2024 pensions increase. In response to a Member question about communication of overpayment the Head of Service Delivery responded that members would be written to one month before changes to explain those changes and why they were being made. The Board asked the Head of Service Delivery to consider what actions/communication would be made in cases that were challenged.
 7. The Head of Service Delivery explained the work being undertaken for McCloud. The Technical Manager explained what was meant by Club Transfers as mentioned in the report. A Club Transfer was where a transfer takes place between a public service pension scheme and another public service pension scheme. Government Actuary Department (GAD) guidance was awaiting on non-Club transfers.
 8. It was reported that the new team dealing with legacy case reductions had gone over the 10% reduction target at 18%. This rise was expected to plateau for this quarter due to the legacy team being given access to the previous SAP system for data extraction before it closed on 31 December. A procurement exercise was now being undertaken to deal with the most complicated cases.

Actions/ further information to be provided:

That communication and actions needed around challenges to overpayments be included as part of the GMP project plan.

Recommendations:

The Board noted the report.

57/23 BUSINESS CONTINUITY PLAN UPDATE [Item 11]**Speakers:**

Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:

1. The Head of Accounting & Governance introduced the submitted report and explained that there was a continued reliance on others for business continuity procedures, not least the major software provider, Heywood and of course Surrey County Council for IT and property infrastructure. It was aimed to develop an overarching business continuity plan for the pension scheme, which would be informed by the business impact assessments and other protocols used by Surrey. Work on this would happen in the coming months and the aim was to report to the board in May of 2024.
2. A Member asked whether there would be a test and not just a desktop exercise. The Head of Accounting & Governance responded that this was reliant on others currently.
3. A Member stated that business continuity was a different issue to cybersecurity even though interconnected. He asked if they were to be reported on separately or are they being always looked at together? The Head of Accounting & Governance responded that it was the intention to ensure that a distinction was made.

Actions/ further information to be provided:

None

Recommendations:

The Board noted the report.

58/23 INTERNAL AUDIT PROGRESS REPORT NOVEMBER 2023 [Item 12]**Speakers:**

Liam Pippard, Principal Auditor

Key points raised during the discussion:

1. The Principal Auditor highlighted the following points from the report:
 - High priority actions due for implementation are tracked. There were currently none outstanding, or due for implementation, for that quarter.
 - Point 3 of Annex A on the pension fund audit plan: Two audits had started and an update would be brought to the next Board meeting.
 - The team were currently in process for completing the administration review of transfers in.
 - With regards to the follow up of banking controls review, that depended on certain circumstances that would be agreed with the pensions team and it was hoped this would be completed in quarter four.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

59/23 EXTERNAL AUDIT UPDATE [Item 13]**Speakers:**

Paul Titcomb, Head of Accounting & Governance

Neil Mason, LGPS Senior Officer

Key points raised during the discussion:

1. The Head of Accounting & Governance highlighted several issues includes including:
 - that the audit opinions on the 2021/22 accounts for the Council and the pension fund were issued by the auditors on the 23 of October
 - the 2022/23 audit work was progressing well
 - Query responses from the pension team side are substantially complete.
 - Grant Thornton was reviewing the resources they required in order to progress the audit of both the Council and the pension fund through the next few weeks
 - the requirement is to provide an annual report by 1 December and if the audited accounts were still not available then the report would be submitted with the unaudited accounts.
2. Following a Member statement that delayed audit opinions were not good. This was acknowledged by officers, however, it was again noted that the pension fund accounts were currently interconnected to the Surrey County Council accounts, with a mutual reliance. This arrangement has been highlighted by the LGPS Scheme Advisory Board to the government as being sub-optimal, with a separation of council and pension fund accounts being desirable.
3. It was reported that there would be a new external auditor next year.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the status of the External Audit work.

60/23 LGPS UPDATE (BACKGROUND PAPER) [Item 14]**Speakers:**

Sandy Armstrong – Technical Manager

Key points raised during the discussion:

1. The Technical Manager highlighted a couple of areas in the report:
 - McCloud, which had already been spoken about and,
 - SCAPE factors – this was where cases were on hold because of the change in the discount rate, those factors had all been issued now and there were no longer any cases on hold because of that.
2. Following a Member query, it was confirmed that it was the DWP that had conducted an independent review of The Pension Regulator.

Actions/ further information to be provided:

None.

Recommendations:

The Board noted the report.

61/23 DATE OF THE NEXT MEETING [Item 15]

The next meeting is scheduled for Friday, 16 February 2024.

Meeting ended at: 1.05 pm

Chairman