MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 10.00 am on 16 February 2024 at Woodhatch Place, 11 Cockshot Hill, Reigate RH2 8EF.

These minutes are subject to confirmation by the Board at its meeting on Friday, 17 May 2024.

(* present)
Elected Members:

	Brendan Bradley
*	Chris Draper
*	Tim Evans (Chairman)
*	Siobhan Kennedy
*	David Lewis (Vice-Chairman)
*	William McKee
*	Jeremy Webster
*	Trevor Willington

In attendance

Nick Harrison, Chairman Surrey Pension Fund Committee

1/24 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Brendan Bradley had submitted an apology.

2/24 MINUTES FROM THE PREVIOUS MEETING: 10 NOVEMBER 2023 [Item 2]

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

3/24 DECLARATIONS OF INTEREST [Item 3]

There were

4/24 QUESTIONS AND PETITIONS [Item 4]

There were none.

5/24 GLOSSARY, ACTION TRACKER & FORWARD PLAN [Item 5]

Speakers:
Neil Mason, Assistant Director, LGPS Senior Officer
Tom Lewis, Head of Service Delivery

Key points raised during the discussion:
1. The LGPS Senior Officer gave an update on tracker item 55/23 regarding the MySurrey concerns. Both the Chairs of the Board and the Committee wrote to the Council regarding these concerns and met with the Director of Finance, Corporate and Commercial in January for an update. There was more confidence on the issues being addressed as officers from the Pension Team were now involved in that piece of work.

2. The Head of Service Delivery continued to update the Board on the progress of the work around the MySurrey issues:
   a) Have identified that there were approximately 1,200 members who had had a contribution issue of some sort and 500 of those will be rectified within February payroll. The Surrey County Council (SCC) Payroll Team will communicate this to those affected members.
   b) The plan will be to turn to those where there has been an ABC issue, because generally they should be a bit more straightforward to identify and reinstate by year end.
   c) Aside from the rectification of the data, there were now dedicated sub teams working to deliver on the iconnect fault by the end of March.
   d) Pension Team officers would continue to work with Payroll regarding all outstanding issues around data and configuration until resolved.
3. The Chair of the Pension Fund Committee asked if the alternative arrangements for academies was progressing satisfactorily? The Head of Service Delivery reported that those that had off-boarded from SCC had successfully moved to the new payroll providers. There were one or two areas where there was some data required from SCC payroll to go to the actuary, but that that they were being worked on and were coming across in stages.
4. Both Chairs requested a full update to the next meetings of the Board and the Committee.
5. In response to a Member query the LGPS Senior Officer explained that a piece of work was being undertaken around governance arrangements to identify areas of conflict between SCC and the Pension Fund. Further guidance on this subject was expected from the Scheme Advisory Board and some regulation from the Department later this year.
6. The Chairs thanked the Pension Team for all their work on this.

Actions/ further information to be provided:
1. That a full update be brought to the next Pension Fund Committee and Pension Board regarding the MySurrey issues and progress with academies.
2. That the glossary includes acronyms relating to the pension fund accounts (e.g. IFRS or GAP).

Recommendations:
That the Action Tracker and Forward Plan be noted. There were no recommendations to the Pension Fund Committee.

6/24 CHANGE PROGRAMME UPDATE - QUARTER 3 [Item 6]

Speakers:
Neil Mason, Assistant Director, LGPS Senior Officer
Bradley Coxon – Senior Project Specialist (online)

Key points raised during the discussion:
1. The LGPS Senior Officer introduced this report and updated the Board on the learning and development section. He explained that it had been difficult to fully engage all members in training and development. The pension team were looking at new ways to engage Members in training and in doing so had spoken with other schemes in the Border to Coast pool. As a result, a two-day residential course would be trialled.

2. There were various Member questions regarding the residential course and the LGPS Senior Officer explained the following:
   a) The residential course would substitute some other current training.
   b) Residential training was deemed cost effective when compared with other events throughout the year. There was also a preference with Members for this.
   c) The need for flexibility was acknowledged as there may be some Members not able to stay overnight due to home circumstances.
   d) Whilst the residential training was planned for October and some Members may need to renew their statutory training before then, they were asked to carry on with their current training plans.
3. The LGPS Senior Officer also highlighted the following from the report:
   a) The new Member website had been launched and comments on it were welcome.
   b) The digital design team were helping with the process of a review, particularly in areas of service delivery and accounting and governance. There had been some constructive work looking at different processes and how to introduce efficiencies, whether that be digital or otherwise.
4. The Senior Project Specialist presented the dashboard and highlighted:
   a) Changes requested by Members at the last Board meeting had been put in place.
5. There was some discussion around external Members still not being able to access the dashboard and therefore not finding the dashboard useful. It was agreed to defer judgement until the external email issue had been resolved.

Actions/ further information to be provided:
None.

Recommendations:
It is recommended that the Local Pension Board note the content of this report.

7/24   COMMUNICATION POLICY STATEMENT 2024/25 [Item 7]

Speakers:
Neil Mason, Assistant Director, LGPS Senior Officer
Bethany Goss, Specialist Communications (online)

Key points raised during the discussion:
1. The LGPS Senior Officer explained that this report was more of a statement of intent rather than a communications strategy. The Communications Officer explained that the policy was largely unchanged from the previous one, but the main change was the inclusion of dashboards.
2. An error was picked up in the introduction of the report which stated there were 200k scheme members when this should read 107k scheme members.

Actions/ further information to be provided:
None.

Recommendations:

1. That the policy be recommended for approval to the Pension Fund Committee.
2. That this policy be reviewed on an annual basis.

8/24 **SUMMARY OF THE PENSION FUND COMMITTEE MEETING OF 15 DECEMBER 2023 [Item 8]**

Speakers:
Nick Harrison, Chair Surrey Pension Fund Committee
Neil Mason, Assistant Director, LGPS Senior Officer

Key points raised during the discussion:
1. The Chair of the Surrey Pension Fund Committee introduced this report and highlighted the following items:
   a) That MySurrey had already been discussed under the Tracker item in this agenda.
   b) That funding level was 140% which does change very rapidly with the various changes in interest rates so to be taken with a great deal of caution.
   c) The Committee spent some time discussing ESG and responsible investments and there was a discussion on private markets which was helpful.
2. The LGPS Senior Officer reported that the Service Delivery Team had been shortlisted for Administration at the Pensions Age Awards. This was testament to the good work undertaken by the Head of Service Delivery and his team.
3. The LGPS Senior Officer also highlighted areas within the report which included:
   a) Approval of a pass-through arrangement, which will be of interest to employer representatives on the Board. This means that when the Council lets contracts, essentially the risk is retained by the Council. The pensions risk is retained by the Council.
   b) The Committee had requested officers to analyse the impact of divesting from the 25 largest fossil fuel companies, so there will be a piece of analysis as to the impact assessment on that.
   c) That the Scheme was now, after the advice of an Islamic cleric, considered to be Shariah compliant.
   d) He explained work from the Scheme Advisory Board (SAB) regarding funding levels and to look at what scope there was for changes to relationships between employers and the funds. The SAB concluded that any changes to contribution rates from employers should not be on the basis of economic factors altering funding rates. Therefore, the position of the fund is that it has the same amount of assets as before the last valuation, but it is the long term gilt yield which is driving down the discount rate. So that the value of future benefits has reduced.
   e) The Committee also received a paper that summarised the government's response to the consultation on pooling and highlighted the following from it:
      i. the view is that this is on a comply basis and not on a statutory requirement at the stage.
      ii. the government expects all assets to be pooled by April 2025.
      iii. It is expected that there will be a smaller number of pools with an optimal size of £200 billion.

iv.   It has also laid out its expectations for funds to provide in their investment strategy statement some explanation of how they will meet a 5% commitment to levelling up.

4. In response to a Member query about the pass-through and what happens when a contractor leaves the Scheme the LGPS Senior Officer explained that as long as a contractor had paid their contributions they simply walk away and there was no exit correction contribution.

Actions/ further information to be provided:
None.

Recommendations:

That the report be noted and there were no recommendations to be made to the Pension Fund Committee.

9/24   ADMINISTRATION PERFORMANCE REPORT AND UPDATE - 1 OCTOBER 2023 TO 31 DECEMBER 2023 [Item 9]

Speakers:
Tom Lewis,
Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:
1. The Head of Service Delivery highlighted various aspects of this report which included:
   a) overall performance has increased by 8% in this quarter.
   b) at the last Board meeting concern was expressed about performance in the immediate benefits team and since then mitigating changes to the team had shown some positive results.
   c) He had looked at the structure and vacancies to determine how best to balance the team and ensure the right resilience levels. Some vacancies had been moved around to create two additional posts within the immediate benefits team.
   d) The customer relationship team had received a reduced number of queries in this quarter due to the Christmas period.
   e) Unit 4 issues were still impacting the team and kudos was given to the team which had responded very well given the difficulty.
   f) Work on GMP had been paused as the team were carrying out the final quality assurance checks on what was thought to be the data to be uploaded into the system. Concerns had been found around some of the quality of the data and the consistency in which that was being provided. The project team had continued to assess the root cause of this but were concerned about making changes to Members' pay and their pension benefits without having 100% satisfaction the data was right. Officers were looking back as early as they could at some of the data requests and what was supplied to ensure that what was requested was supplied.
   In response to a Member query the Head of Service Delivery explained that he expected in the next four weeks to be in a position where a first draft of the identified issues would be available for the team to review and assess. Following that there would need to be talks with internal services and the supplier around the contractual elements. An update would be brought to the next meeting of the Board.

g) With regard to McCloud the team sent correspondence to those who would be affected or fall within the remedy period just before Christmas. This was to alert them to the changes that will come into effect and may affect them.

h) The iconnect rollout continued and was a key focus. Those who had moved away from the Surrey payroll were a main priority to keep them on iconnect with their new provider. There were many employers that had been engaged as part of this project. The aim was to move all employers onto iconnect by March 2025. This would remove the need for end of year return, which was a huge one-off manual task.

i) Iconnect was also informing some of the digital transformation work being undertaken.

2. The Board thanked the Head of Service Delivery and his team for all the work being undertaken.

Actions/ further information to be provided:
None.

Recommendations:

That the report be noted and confirm that no recommendations were needed to the Pension Fund Committee.

10/24 RISK REGISTER UPDATE 2023/24 QUARTER 3 [Item 10]

Speakers:
Paul Titcomb, Head of Accounting & Governance
Liam Pippard, Principal Auditor
Tom Lewis, Head of Service Delivery

Key points raised during the discussion:
1. The Head of Accounting & Governance introduced this report and explained that there had been no material changes to the Q3 risk register. The ongoing issues with MySurrey had been well discussed and the risk score for that was maintained. There had been much activity in terms of the workforce strategy, in particular work on talent plans was progressing well, so the risk score may show a reduction in the next quarter. Also, with all the good work addressing the legacy issues, the risk score for that may also show a reduction in the next quarter.
2. In response to a request from the Chair of the Pension Fund Committee the Head of Accounting & Governance gave an update on the separation of the banking arrangements. He explained that some data upload elements of banking were still with the Council and that a project was being undertaken to understand how transfer may be progressed and that this work was very much dependent on resources. The Principal Auditor explained the audit work and opinion given so far with this, but they would not look at this again until there had been some progress, which was dependent on Unit4. He would continue to liaise with the team on when it would be appropriate for Audit to look at it again.
3. In response to a Member query on the target date for work volumes being March 2025 the Head of Service Delivery explained why it would take this time and confirmed that the target date remained as March 2025.

Actions/ further information to be provided:
None.

Recommendations:

1. That the report and the Risk Register be noted.
2. That no recommendations to the Pension Fund Committee were required.

11/24 BUSINESS CONTINUITY PLAN - INTERIM UPDATE [Item 11]

Speakers:
Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:
1. The Head of Accounting & Governance introduced an interim update that explained how officers were working with the Council risk and resilience forum to develop a plan and undertake business impact assessments. These were taking some time because they involved reviewing and prioritising processes at quite a detailed level within the service. Work was progressing on these and the current aim remained to provide a report to the Board in May.
2. A Member asked for an explanation of what 'aggregation of contracts into a single location' meant under works in progress and what this meant for business continuity. The Head of Accounting & Governance explained that all contracts were being moved to a single database because at the moment they were sitting in various places on the networks, electronically and otherwise. This would ensure full control over the contracts.

Actions/ further information to be provided:
None.

Recommendations:
It is recommended that the Board note the report.

12/24 INTERNAL AUDIT PROGRESS REPORT FEBRUARY 2024 [Item 12]

Speakers:
Liam Pippard, Principal Auditor

Key points raised during the discussion:
1. The Principal Auditor introduced the report and highlighted the following points:
   a) He gave a precis of completed audits last quarter
   b) The iConnect application control audit was now in progress and was hoped to be completed soon. The Board would receive an update at its next meeting.
   c) The transfers-in audit for the administration review was now finalised and that would also come to the next Board meeting.
   d) A couple of audits we're going to be carried forward to next financial year, mainly due to resourcing and allocation of priority of audits. Next year's audit plan would be brought to the Board in May.
2. A Member asked for an explanation of the difference between reasonable and substantial assurance. The Principal Auditor explained that there was no factual definition but with a substantial assurance auditors would be looking that there were no areas of risks identified that weren't controlled. With regards to reasonable assurance, auditors would see some areas where there could be some improvements to control some risks identified

but not necessarily to the point where they're detrimental to the overall process or system that's in place.

Actions/ further information to be provided:
None.

Recommendations:

That the report be noted.

13/24 EXTERNAL AUDIT UPDATE [Item 13]

Speakers:
Paul Titcomb, Head of Accounting & Governance

Key points raised during the discussion:
1. The Head of Accounting & Governance introduced the report and highlighted the following:
   a) the 2022/23 audit work was well progressed. The accounts were put to the Audit & Governance Committee in January.
   b) no material amendments to the Council or the pension accounts were anticipated at this point, and unqualified audit opinions were expected.
   c) the pension fund accounts were now with Grant Thornton for final review.
   d) the auditor for the 2023/24 accounts will be Ernst and Young.

Actions/ further information to be provided:
None.

Recommendations:
That the status of the External Audit work be noted.

14/24 THE PENSIONS REGULATOR - GENERAL CODE OF PRACTICE [Item 14]

Speakers:
Adele Seex – Governance Manager

Key points raised during the discussion:
1. The Governance Manager introduced a report and highlighted the following points:
   a) That the Pension Regulator has published the proposed General Code of Practice which replaced the Code of Practice 14 for Public Sector Pension Schemes and brought together ten previous TPR codes into one single code.
   b) The code was laid before Parliament on the 10 January 2024 and was expected to come into force on the 27 March 2024. The code was made-up of 51 modules and gap analysis work was currently being undertaken to ensure compliance.

Actions/ further information to be provided:
None.

Recommendations:

That the report be noted.

15/24 THE PENSIONS REGULATOR - SCHEME RETURN [Item 15]

Speakers:
Adele Seex – Governance Manager

Key points raised during the discussion:
1. The Governance Manager introduced a report and highlighted the following points:
   a) the annual scheme return to the Pension Regulator was submitted on the 8 January.
   b) a copy of the return had been circulated to Members of the Board.

Actions/ further information to be provided:
None.

Recommendations:

That the report be noted.

16/24 LGPS UPDATE (BACKGROUND PAPER) [Item 16]

Speakers:
Neil Mason, Assistant Director, LGPS Officer

Key points raised during the discussion:
There was no discussion on the update paper, but the Chair stated that there was a lot of information in it for Member to read and to note.

Actions/ further information to be provided:
None.

Recommendations:

That the report be noted.

17/24 DATE OF THE NEXT MEETING [Item 17]

It was noted that the next meeting was scheduled for 17 May 2024.

Meeting ended at: 11.58 am

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Chairman

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