

Surrey Local Pension Board

Annual Report 2015/16



Surrey Local Pension Board

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1. Chairman's introduction

I am pleased to present the first annual report of the Surrey Local Pension Board. The Board is a requirement of the Local Government Pension Scheme Regulations 2013.

Its primary functions are to assist Surrey County Council in:

- its compliance with the LGPS Regulations, other relevant legislation and requirements imposed by the Pensions Regulator; and
- the effective and efficient governance and administration of the scheme.

The Local Pension Board works as part of a governance framework that includes the Surrey Pension Fund Committee and the national Scheme Advisory Board.

It supports the Committee through active scrutiny, and by maintaining an overview of policies and practice for the benefit of both employers and members of the fund. In 2015/16 this has included:

- review of the performance of the scheme administrator
- how administration of the Fund performs when compared to other LGPS schemes
- input into the development of the administering authority discretions statement
- regular overview of the Internal Disputes Resolution Procedures

The Board's role is still evolving since its establishment in May last year. In the last twelve months it has developed a forward work programme that reflects a number of priority areas for the Fund, and supports the Committee in ensuring the Fund is compliant.

It has made some strong progress in developing its knowledge and understanding, as best evidenced by the firm commitment Board members have made to attending training. I would like to thank my colleagues on the Board for their efforts in this respect.

The triennial valuation of the Fund is underway, and the Board will have a role to play in understanding the impact this will have on employers and members. It will also need to consider how the Fund may be affected by a number of emerging national issues for Local Government Pension Schemes. These include:

- the pooling of LGPS investment funds
- the risks and opportunities emerging from the EU referendum
- the ongoing financial challenges faced in the public sector

It is an interesting time for the governance of LGPS funds, and recent events have highlighted the importance of having the right mechanisms for assurance and oversight in all pension schemes. The benefits to both employers and members are widely recognised, and the Board is an important component in that respect.

The meetings of the Surrey Local Pension Board are held in public. We would always welcome anyone with an interest to attend and see how the Board operates. We are also open to suggestions from both employers and members about how it can best support them. You can find out more by writing to the Board's supporting officer, Andrew Spragg at andrew.spragg@surreycc.gov.uk or phoning 0208 213 2673.

Nick Harrison
Chairman of the Surrey Local Pension Board
October 2016

2. Compliance checklist

To secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.	How the Board does this
a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	The Board and Committee receive regular updates regarding their respective activities. The Board and Committee are committed to working together.
b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.	The Board has oversight of Pension Fund policies and processes. The Board reviews Key Performance Indicators (KPIs) for pension administration on a quarterly basis.
c) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	The Board reviewed employer pension discretions in July 2016, and will continue to monitor compliance over the coming year.
d) Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	This was reviewed as part of the Fund Annual Report on 12 October 2015. The Board will review these on an annual basis as part of the Fund Annual Report.
e) Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	The Board was provided with an outline of the current communications channels for members and employers as part of a training session in October 2015. This is an item for fuller consideration 2016/17.
f) Monitor complaints and performance on the administration and governance of the scheme.	The Board will review complaints on a quarterly basis, commencing in 2016/17.
g) Assist with the application of the Internal Dispute Resolution Process.	The Board receives a quarterly update on the number of Internal Dispute Resolution Process cases and monitors any key themes emerging from these.
h) Review the complete and proper exercise of Pensions Ombudsman cases.	N/A – No current or outstanding Ombudsman cases to consider.
i) Review the implementation of revised policies and procedures following changes to the Scheme.	N/A – No changes. The Board is fully conversant on current proposed changes to the LGPS regulations through regular bulletins.

j) Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	<p>The Board will review its own training needs on an annual basis. A knowledge and understanding log is included in the Board's annual report.</p> <p>All Board members are required to complete the Pension Regulator Public Sector toolkit in order to comply with the Board's Attendance, Knowledge and Understanding policy.</p>
k) Review the complete and proper exercise of employer and administering authority discretions.	The Board reviewed these discretions on 7 July 2016.
l) Review the outcome of internal and external audit reports.	The Board complies with Surrey County Council's agreed process for internal audit reports being considered by scrutiny boards. This means all relevant audit reports are circulated to the Chairman, and any report with one or more high priority recommendation will be considered for discussion at the Board. The results of any external audit are shared with the Board.
m) Review draft accounts and scheme annual report.	The Board received both the draft accounts and fund annual report on 12 October 2015.
n) Review the compliance of particular cases, projects or process on request of the Committee.	N/A – The Committee did not commission any reports in 15/16. The Board will continue to offer to assist as and where required.
o) Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.	N/A.

3. Schedule of meetings and agenda items 2015/16

27 July 2015

- Terms of Reference
- Knowledge and Understanding
- Policy Documents
- Key Performance Indicators

12 October 2015

- Knowledge and Understanding Update
- Summary of Pension Fund Committee Meeting – 18 September 2015
- Surrey Pension Fund: Statement of Accounts
- Chartered Institute of Public Finance Accountants Benchmarking Club 2015
- Internal Audit: Review of Pension Administration
- Surrey Pension Fund: Annual Report

9 March 2016

- Update of Recent Pension Fund Committee Meetings – 13 November 2015, 12 February 2016, 25 February 2016
- Key Performance Indicators and Administration
- Scheme Advisory Board Benchmarking Exercise
- Disaster Recovery Procedures
- Frozen Refunds
- Unprocessed Leavers
- Counsel Opinion on Legal Status of Pension Boards
- Review of Internal Dispute Resolution Cases in 2015/16 (Quarter 3)

4. Surrey Local Pension Board attendance and training log 2015/16

Members of the Local Pension Board

Name	Representing	Appointed	Appointment ended
(NH) Nick Harrison (Chairman)	Scheme employers	17 July 2015	N/A
(JO) John Orrick (Vice Chairman)	Scheme employers	17 July 2015	N/A
(PB) Paul Bundy	Scheme employers	17 July 2015	N/A
(TG) Tony Geer	Scheme members	17 July 2015	3 May 2016
(TH) Tina Hood	Scheme members	29 January 2016	N/A
(MH) Mandy Horrell	Scheme members	17 July 2015	28 July 2015
(PR) Paresh Rajani	Scheme members	3 May 2016	N/A
(DS) David Stewart	Scheme members	17 July 2015	N/A
(CW) Claire Williams-Morris	Scheme employers	17 July 2015	N/A
(TW) Trevor Willington	Scheme members	17 July 2015	N/A

Meeting attendance

Meeting date	In attendance	Apologies
27 May 2015	NH, JO, PB, MH, DS, TW	TG, CW
12 October 2015	NH, JO, PB, DS, CW, TW	
9 March 2016	NH, TH, JO, PB, DS, CW, TW	

Compulsory training

Training	Attained
The Pensions Regulator Public Sector Toolkit	NH, JO, PB, DS, CW, TW
Local Government Association Fundamentals 1	NH, JO, PB, DS, CW, TW
Local Government Association Fundamentals 2	NH, JO, PB, DS, CW,
Local Government Association Fundamentals 3	NH, JO, PB, DS, CW, TW

Additional training

Training	In attendance
330 Consultancy	TW
Mercer Investment Consultants	NH, JO, DS
Pensions & Lifetime Savings Local Pension Board Training	NH, JO, TH, PR
CIPFA Local Pension Board AGM	JO

Publications distributed to all Local Pension Board members

Monthly update from Hymans Robertson	November 2015 – March 2016
Local Government Pension Secretariat bulletins	136-143

5. Board expenditure 2015/16

(NB. All costs are met through Surrey LGPS Fund.

Officer support provided by Surrey County Council)

Chairman and Vice-Chairman Allowances	£4,423.00
LGA Training	£1,440.00
Meeting Refreshment Cost	£82.50
Total:	£5,945.00

6. Register of Interests

The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) as a “financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board, but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme.”

A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility towards the Local Pension Board, such that it might be reasonably questioned whether the actions or decisions of that person are influenced by their own interests.

A conflict of interest would prejudice an individual’s ability to perform their duties and responsibilities towards the Local Pension Board in an objective way.

An example of a potential conflict of interest could be:

A Local Pension Board member may be required to review a decision which may be, or appear to be, in opposition to another interest or responsibility; e.g(s):

- a review of a decision which involves the use of departmental resource in the function of the Local Pension Board, whilst at the same time being tasked with reducing this departmental resource by virtue of their employment;
- a Local Pension Board member could also be employed or have an interest in either privately or as part of the Council in a service area of the Council for which the Local Pension Board has cause to review;
- an independent member of the Local Pension Board may have a conflict of interest if they are also advising the Scheme Manager.

Name	LGPS Member/ Employer Representative	Date of Appointment/ Termination (if applicable)	Relevant employment or positions held	In receipt of a LGPS pension ?	Stated Conflict with Employ ment?	Additional note	Other Conflicts of Interest
Paul Bundy	Employer	17/07/2015	Head of Finance, Surrey Police	No	Yes	Employed by an employer of the fund. If a conflict was to arise, this would be mitigated by the Board member removing himself from the discussion.	N/A
Nick Harrison	Employer	17/07/2015	Elected Member of Surrey County Council; Trustee director of a company pension scheme, DB Pension Fund Trustee Ltd.	No	No	Deutsche Bank itself has no role in relation to the Surrey Pension Fund and no role more generally in providing banking, investment or other services to Surrey County Council.	N/A
Tina Hood	Member	29/01/2016	GMB Branch Secretary Surrey County Branch County Hall	Yes	No	N/A	N/A
Claire Morris	Employer	17/07/2015	Head of Financial Services and Deputy Chief Financial Officer, Guildford Borough Council	No	Yes	Employed by an employer of the fund. If a conflict was to arise, this would be mitigated by the Board member removing herself from the discussion.	N/A
John Orrick	Employer	17/07/2015	Elected Member of Surrey County Council; Sales Representative – Consort Frozen Foods Ltd, Burgess Hill	No	No	Employer not involved in financial business	N/A
Paresh Rajani	Member	03/05/2016	Electrical Services Engineer, Neighbourhood & Housing Management Services, Guildford Borough Council; Unison representative	No	No	Employer not involved in financial business.	N/A

David Stewart	Member	17/07/2015	Shared Performance and Reward Manager (LBHF and RBKC), Shared Human Resources London Borough of Hammersmith & Fulham/Royal Borough of Kensington & Chelsea	Yes	No	Employer's pension services are administered by Orbis - this is actively managed by being recorded at every meeting, and any likelihood of conflict arising would be mitigated by the member removing himself from the discussion.	N/A
Trevor Willington	Member	17/07/2015	Governor, North East Surrey College of Technology	Yes	No	Employer not involved in financial business.	N/A
Tony Geer	Member	17/07/2015 - 03/05/2016	Surrey County Council; Unison representative	Yes	No	No financial/other interests that could compromise role.	N/A
Mandy Horrell	Member	17/07/2015 - 31/07/2015	Surrey County Council; GMB representative	Yes	No	Not involved with Pension Team with Surrey County Council.	N/A