To:	The Chief Constables of Surrey Police & Sussex Police
From:	Chair of the Joint Surrey Sussex Police Pension Board
Subject:	Pension Board Annual Report
Date:	30/06/2024

Purpose of Report:

This report sets out the key activities of the Joint Surrey/Sussex Police Pension Board for the period 1 April 2023 to 31 March 2024, its membership and attendance record, summary of work completed and the proposed work plan for the year ahead.

Recommendations:

- To note the extensive work of the Board during the year.
- To thank the Board members and advisors for their diligent work and commitment in support of the Scheme Manager.
- To note the joint Surrey/Sussex Police Pension Board is working effectively.
- To share the approved report with the Chair of the national Police Scheme Advisory Board.

Surrey and Sussex Police – Joint Pensions Board

Annual Report 2023/2024

Report by Iain McCulloch, Chair of the Joint Police Pensions Board

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1 Introduction

Individual Surrey and Sussex Police Pension Boards were established on the 1st of April 2015, according to section 5 of the Public Service Pensions Act 2013 and Regulation 13 of the 2015 Police Pension Regulations, to assist the Scheme Manager. In the interests of efficiency and to match the collaboration between the two forces, they were merged to become a joint Surrey & Sussex Board in April 2021.

During this last year the Board has continued with a comprehensive and busy workplan dealing with a wide range of topics. The Joint Board has been chaired by Iain McCulloch, who is also the CFO for the Sussex OPCC, during the year.

This report sets out the key work undertaken by the Joint Board over its four formal meetings held during the year on 24th May 2023, 30th November 2023, 15th December 2023 and 7th March 2024 and an informal meeting held on the 6th September 2023 which due to late apologies was not quorate. A replacement formal meeting was held on the 15th December 2023. All meetings have been held remotely to ensure the greatest level of attendance across both Forces.

The Board held a training day on the 3rd of October 2023. Angela Bell from The Pensions Regulator attended to give a presentation on Dashboards and Kevin Courtney and Claire Neal from the National Police Chief's Council gave an update on police pensions and developments. The members carried out a self-evaluation of their skills and the joint Chairs completed an assessment of the overall Board effectiveness.

2 The Pension Schemes Overseen

There are three pension schemes that are managed by the joint Board. These, together with a summary of the benefits payable under each of the schemes, are set out in Appendix 1.

The Pension Scheme is administered by the Chief Constables of Surrey and Sussex in accordance with the Police Pension Fund Regulations 2007 (SI 2007 No 1932).

Day to day administration of the schemes was undertaken by XPS. All Pension payments, calculated by the administrator, are made from the respective Chief Constable's Police Pension Fund Account.

Benefits amounting to £148m were paid during the year to pensioners. Just over £28m of this was contributed by members and a further £67m paid by Forces. The remaining shortfall of £53m for the year was paid directly by Government out of general taxation as they underwrite the scheme members current and future benefits. The pension fund accounts are published in the Statements of Accounts 2023/24 and an extract is shown below in Table 1 and Table 2. At the time of writing these Statements of Accounts were subject to Audit.

Table 1 - Sussex Police Pension Fund Account Statement

As at March 2023			As at March 2024	
£000	£000		£000	£000
		Contributions Receivable		
		From Employer:		
(34,430)		- Normal	(38,213)	
(604)		- Early Retirements	(443)	
(14,511)		From Members	(16,269)	
	(49,545)			(54,925)
		Transfers In		
	(157)	Individual Transfers in From Other Schemes		(208)
	(49,702)	**Total Inflows**		(55,133)
		Benefits Payable		
78,920		Pensions	83,703	
12,161		Commutations and Lump Sums	11,643	
201		Lump Sum Death Benefits	121	
	91,282			95,467
		Payments To and On Account of Leavers		
120		Refund of Contributions	113	
0		Individual Transfers Out To Other Schemes	18	
	120			131
	91,402	**Total Outflows**		95,598
	41,700	**Net amount payable for the year from the Group (equal to deficit amount)**		40,465
	(41,700)	Additional contribution from the Group to fund the deficit for the year *		(40,465)
	0	**Net Amount Payable for the Year**		0

Table 2 - Surrey Police Pension Fund Account Statement

As at March 2023			As at March 2024	
£000	£000		£000	£000
		Contributions Receivable		
		From Employer:		
(24,704)		- Normal	(27,569)	
(347)		- Early Retirements	(534)	
(10,626)		From Members	(11,927)	
	(35,677)			(40,030)
		Transfers In		
	(38)	Individual Transfers in From Other Schemes		(158)
	(35,715)	**Total Inflows**		(40,188)
		Benefits Payable		
42,470		Pensions	46,643	
6,106		Commutations and Lump Sums	5,058	
112		Lump Sum Death Benefits	113	
253		Lump Sum Ill-health Benefits	228	
	48,941			52,042
		Payments To and On Account of Leavers		
185		Refund of Contributions	110	
51		Individual Transfers Out To Other Schemes	87	
	236			197
	49,177	Total Outflows		52,239
				0
	13,462	Net amount payable for the year from the Group (equal to deficit amount)		12,051`
	(13,462)	Additional contribution from the Group to fund the deficit for the year *		(12,051)
	0	Net Amount Payable for the Year		0

Note: Any deficit on the fund is paid by Home Office by way of a special Top-Up pension grant. Conversely, if the fund was in surplus this would be returned to the Home Office as a payment. This is not the same as the Police Pension Grant which is a fixed sum paid annually and is given to offset part of the cost to Forces of employer's contributions to the scheme.

3 Governance and Compliance

The Board continued to monitor compliance with pension legislation during the year to ensure that its processes and policies were compliant.

Breaches: This was included as a standing item on every Board agenda. No breaches were reported to the Board during the period of this report.

Risk register: The risk register is updated quarterly and reviewed at every meeting. In the period covered by this report the following Risks were removed from the register:

- Pension Administration Transfer (now business as usual)
- Immediate Detriment (removed following the publication of the legislation)

The following risk was added to the register:

- Data & Dashboards readiness

New Pension Administrator Contract: An Internal Audit review of the pensions contract management process was undertaken by the Scheme Managers internal auditors; their report gave the highest rating of assurance with no management actions or areas for improvement identified. The Board thanked the Surrey/Sussex Pensions Team for the hard work they had put prior to the contract being issued.

Terms of Reference (TOR) & Board Policies and Procedures: The TOR and other Board policies and procedures were reviewed during the May 2023 meeting; no substantial changes were made at this time. Following the release of The Pension Regulators (TPR) Equality and Diversity Guidance, and a presentation to the Board in November by Louise Gilroy of the TPR's office, the papers were again discussed at the December meeting, where it was agreed that an in-year review would take place and any changes would come back to the Board at a future meeting. The TOR, Conflict of Interest Policy, Knowledge and Understanding policy and Code of Conduct policy and procedure were subsequently updated, approved by both Scheme Managers and brought back to the meeting in March 2024 where the changes were noted by the Board. Members agreed to continue to meet virtually for the time being, ensuring better attendance at the meetings. This continues to be kept under review.

Budget, Fees, and expenses: The Fees and Expenses Policy was reviewed at the May meeting with no changes required. Only Board members who are not employed by the Force or the OPCC can make a claim for travel and subsistence from the budget allocated to the Board as they are able to claim through their own Forces travel and subsistence scheme. A breakdown of the expenditure incurred in the previous financial year came to the September meeting, this paper included a recommendation for an increase of the Board budget from £1,000 to £1,500 to cover the increase cost associated with conference fees, awayday venues etc., this was subsequently approved by both Scheme Managers and the Board were informed at the December meeting.

4 A Summary Of The Work Of The Board 2023/24

It was a busy year for the Joint Board, highlights of the year were as follows:

Joint Work Plan: The Board reviewed its joint work plan at every meeting apart from at the replacement meeting in December.

Monitoring the performance of the current pension administrator XPS: The administrator was required to submit a quarterly report summarising their work and performance against the KPIs. There had been a spike in workload in the last quarter of 2022/2023 mostly relating to the pension increase and the interaction with GMP which had created a backlog of work, and a further increase in the workload during quarter two, mostly relating to queries arising from communications around the McCloud Pension Remedy. Unresolved service issues were discussed at the December meeting and a position statement was requested, to show how the administrator was going to manage business as usual. This statement was provided and shared with the Board outside of the meetings.

There were 6 complaints received in the period covered by this annual report.

Monitoring Member Opt Out Rates: The pension is a valuable element of Police Officers pay and rewards. Police Officers can opt out of the pension scheme as membership is voluntary. The Board noted that opting out rates were around 8%. %A survey was completed to establish the reasons why officers had opted out of the police pension scheme and what could be done to attract them back. Another survey was completed to look specifically for those who had opted out of the police pension scheme with less than 2 years' service. A report was compiled and presented to the Board.

It was agreed that this report did not encompass the whole story and that more analysis would be required, to identify specific issues. This topic was further discussed at the Board training day where possible strategic options were presented and discussed in detail. It was agreed that improvements would be made to the onboarding process for new recruits to explain the value of the pension in more detail. This topic was added to the work plan and scheme membership remains as a standing agenda item. Board members who represent the Federation are actively involved in the onboarding training for new scheme members.

Ill Health Retirement: This topic now forms part of the McCloud Pension Remedy report which is on the agenda as a standing item. 28 cases had been identified as requiring a review in line with the McCloud Pension Remedy.

Contingent Decisions and Internal Dispute Resolution Procedure: During the period covered by this report work was ongoing to draft the Contingent Decision process. It was decided that the draft would include the Internal Dispute Resolution Procedure too. Once the process has been finalised a briefing session for Members will be arranged.

Continued Training for Pension Board Members: It is a requirement for Board members to receive and complete suitable training so that they are able to complete their roles as Board members effectively. A log is kept of all training attended by the members and new members are encouraged to complete the Pension Regulator online course for Pension Board Members.

Training provided in the period covered by this report includes the LGA & NPCC Police and Fire Data Conference, TPR's Dashboards and EDI guidance. The scheme administrator XPS gave an informative presentation to the Board on Cyber security and the measures that they have in place to protect member information.

McCloud Pension Remedy: The Board was kept abreast of national discussions; work is continuing with XPS to make sure the data held is as accurate and up to date as possible. Nationally XPS is working with the NPCC to develop the software solution which will be required by a number of Forces. Mini projects like Evans and Ashcroft, pension savings statements, GMP, McLeod etc were being worked on by the Surrey/Sussex Pensions Team and this work is overseen by the Board.

Dashboard: The Board are kept updated on this national project and it is a standing item on the agenda for each meeting.

Scheme Sanction Charges: The Board were updated on the possible impact of this and will be advised on final numbers and costs when they are known.

Feedback by scheme member reps: This is now a standing agenda item allowing scheme members to have a voice at the Board.

5 Board Matters

Board Meeting Frequency: The Board Terms of Reference require that the Board will meet four times in each calendar year on a three-monthly cycle. The Board met virtually on the 24th of May 2023, 30th November 2023, 15th of December 2023 and 7th of March 2024 and therefore fulfilled this requirement.

Board Membership and Attendance: Board members carry out a vital role in providing governance and supporting the Scheme Managers. The table in Appendix 3 sets out the attendance of each member.

Chair: The CFO of Sussex OPCC, Mr Iain McCulloch was appointed as Chair for the period of this report.

Membership: There have been three changes in Board membership in the period coved by this report, two on the employer side and one on the scheme member side.

Quorate: The quorum for decision making is 8 members including chair/deputy chair. This is made up of an equal number of member and employer representatives. I am pleased to report the Board was quorate 4 of the 5 meetings held in this period.

Costs incurred by the Board: The administration cost for the financial year 2023/2024 was £1.5k. There was an additional cost in relation to the Board awayday premises rental of £445.

Finally, the Chair would like to thank all Board Members who provided challenge and scrutiny at the meetings they have attended and supported the work of the scheme administrator during the year. He would also like to thank the Joint Pension Board administrator, Mrs Rachel Lupanko, who has worked hard putting agendas and papers together, writing up the minutes and actions and assisting the Board as required.

Appendix 1 - Pension Scheme Summary of Benefits

Benefits payable under all three schemes are shown in tabular form below:

	Police Pension Scheme (PPS) (1987)	**New Police Pension Scheme (NPP) (2006)**	**Police Pensions Scheme 2015**
What is maximum pension	2/3 final salary, with option to exchange part of the pension for a lump sum	½ final salary plus fixed lump sum of 4 times the pension, with option to exchange part or all of lump sum for extra pension	Pension at retirement is the sum of each of the accrued pension pots, subject to revaluation at a rate of CPI +1.25% per year
Final salary basis	Pensionable remuneration is normally the average remuneration in the employee's final year	Earnings over the last ten years are taken into account via best average over 3 consecutive years	Scheme is a Career Average Revalued Earnings scheme
Length of service for maximum pension	30 years	35 years	No maximum length of membership
Earliest age to receive pension	Age 50 after 25 years of service Any age after 30 years of service Age 55 for less than 25 years of service Age 60 if leave service before compulsory retirement age with less than 25 years of service	Age 55 if remain in police service until that age Age 65 if leave police service before age 55 or opting out of the scheme	Age 60 if remain in police service until that age. State pension age if leave police service before age 60.
Pension increases	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.
How is pension accumulated	1/60 of final salary for first 20 years of service, plus 1/30 for final 10 years of service up to a maximum pension entitlement of 40/60.	1/70 of final salary for each year of service up to a maximum 50% of final pensionable after 35 years of service.	1/55.3th of pensionable earnings each year is added to the members' pension pot for each year of membership.

Appendix 2 – Work Plan from May 2023 Meeting

10 10 Work Plan_Pension Board

Appendix 3 – Attendance Register

	Employer Side Represenatives							Scheme Member Side Represenatives						
	Surrey OPCC	**Sussex OPCC**	**Surrey & Sussex Police**	**Surrey & Sussex Police**	**Surrey & Sussex Police**	**Surrey & Sussex Police**	**Surrey & Sussex Police**	**Federation Surrey**	**Federation Sussex**	**Superintendents Association Surrey**	**Superintendents Association Surrey**	**Superintendents Association Sussex**	**Scheme Member (NARPO)**	**Scheme Member (NARPO)**
Meeting Date	**Kelvin Menon**	**Iain McCulloch**	**Peter Appleton**	**Daisanne Summersfield**	**Angela Packebusch**	**Adrian Rutherford**	**Carwyn Hughes**	**Danielle Mead**	**Raff Cioffi**	**Tom Budd**	**Matt Barcraft-Barnes**	**Miles Ockwell**	**Simon Lambert**	**Graham Bradley**
24/05/2023	Yes	Yes		Yes		Yes	Yes	Apologies	Yes	Apologies			Yes	Yes
06/09/2023	Yes	Yes	Representative	Apologies		Apologies	Yes	Yes	Yes	Yes		Apologies	Apologies	Yes
30/11/2023	Yes	Yes	Yes	Representative		Yes	Yes	Apologies	Yes				Yes	Yes
15/12/2023	Apologies	Yes	Yes	Apologies		Yes	Yes	Representative	Yes			Apologies	Yes	Yes
07/03/2024	Yes	Yes	Representative		Yes	Yes	Apologies	Yes	Yes		Yes	Yes	Yes	Yes