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04 February 2022

Dear Member,

Pension Advisory Board - Friday, 11 February 2022

Please find enclosed the following documents for consideration at the meeting of the Pension Advisory Board on Friday, 11 February 2022 which were unavailable when the agenda was published.

- | Agenda No | Item |
|------------------|--|
| 6(a) | 25 October 2021 - Part I Pensions Committee Minutes (Pages 3 - 6) |
| 16. | Pensions Committee Minutes – Part II (Pages 7 - 14) |

The minutes were not available as officers were waiting for them to be confirmed at the 4 February 2022 Pensions Committee meeting.

Yours sincerely

Tony Kershaw
Director of Law and Assurance

To all members of the Pension Advisory Board

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Pensions Committee

25 October 2021 – At a meeting of the Pensions Committee held at 10.00 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Hunt (Chairman)

Cllr Condie, Cllr J Dennis, Cllr Elkins, Cllr N Jupp, Cllr Turley, Cllr Urquhart and Mr Kipling

Apologies were received from Ms Taylor

Part I

18. Declarations of Interests

18.1 The Chairman opened the meeting and welcomed Cllr Turley to his first Pension Committee Meeting. The Chairman also informed the Committee that Mr Donnelly had stood down from his role as the borough and district council representative on the Committee. The Chairman expressed gratitude for the time Mr Donnelly had spent on the Committee.

18.2 Cllr Turley declared a personal interest as a Worthing Borough Council member.

19. Part I Minutes of the last meeting

19.1 Resolved – That the Part I minutes of the Pensions Committee held on 21 July 2021 be approved as a correct record, and that they be signed by the Chairman.

20. Pension Advisory Board Minutes - Part I

20.1 The Committee considered the confirmed Part I minutes from the 28 April 2021 Pension Advisory Board meeting; and the Agenda from the 26 July 2021 meeting (copies appended to the signed minutes).

20.2 The Committee queried why the July minutes were not available for consideration. - Rachel Wood, Pension Fund Strategist, explained that the Committee only saw the minutes after they had been confirmed by the Board, and vice versa where the Pension Advisory Board considered Pensions Committee minutes.

20.3 Resolved – That the minutes and agenda be noted.

21. Business Plan

21.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

21.2 Katharine Eberhart, Director of Finance and Support Services, introduced the report and reported that good progress had been made with employers on the information required for McCloud. The external

auditor had completed their work on the financial statements and confirmed that they gave a true reflection of the fund's position.

21.3 The Committee made comments including those that follow.

- a. Queried when all the Annual Benefit Statements would be published. – Katharine Eberhart confirmed that this was being worked on and that work was being done with the relevant employers to achieve as close to 100% completion as possible.
- b. Sought clarity on the role of the Pensions Committee with regard to the financial statements. – Rachel Wood confirmed that it was the role of the Regulation, Audit and Accounts Committee (RAAC) to approve the statements, but confirmed that the statements had been shared with the Pensions Committee members as part of their training and papers.
- c. Questioned if the gaps in McCloud data was linked to a specific type of employer. – Rachel Wood confirmed that there was not a specific employer type linked to the gaps in data.
- d. Requested an update on risk RT9 for third-party contracts. – Rachel Wood confirmed that the risk had been amended as the primary contract for the fund was now with a single provider, rather than a number of fund managers. As the contract developed there would be more reassurance on this risk this presented to the fund.
- e. Raised concern on the risk level for RT13 for cybercrime. – The Chairman confirmed that this was a risk for the whole Council and that a lot of work was done in this area to reflect the risk of threat to Council systems. Katharine Eberhart gave reassurance that specialist advice was sought in this area and that health checks were routinely performed on the Councils systems in order to prepare for attacks as much as possible. The Chief Information Officer & Head of IT was due to attend an upcoming RAAC meeting to give further context and assurance on the work the Council are doing in this area.
- f. Sought clarity on the recommended order for training completion. – Rachel Wood confirmed that adherence to MIFID II was important and that the Hymans Robertson LGPS Online Learning Academy (LOLA) should be the priority, followed by external training as recommended by officers. The Pension Advisory Board also completed the Pensions Regulator toolkit and parity for the Pensions Committee was recommended. Caroline Burton, Independent Adviser, stressed the importance of maintaining the MIFID II status in order for the fund to be able to continue to invest in the way set out in its investment strategy and receive the level of reporting required for its due diligence. Rachel Wood agreed to re-circulate the LOLA training link to the Committee.
- g. Requested an update on the Taskforce for Climate-related Financial Disclosures (TCFD) as referenced in risk RT3. – Rachel Wood explained that a consultation from the Government was anticipated on disclosures but there was not a reporting requirement at this time.

21.4 Steven Law, Hymans Robertson, gave an update to the Committee and explained that McCloud was not likely to impact employer contribution rates. Steven Law agreed that Cybercrime was a big issue nationally and

that it was good to see the focus that was given to it by the Council and the Fund.

21.5 Resolved – that the Committee notes the note the updates on Business Plan activities for 2021/22 and the risk matrix.

22. Pension Administration

22.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

22.2 Andrew Lowe, Head of Pensions, Investments and Borrowing at Hampshire County Council, introduced the report and confirmed that his team was working to produce 100% of the Annual Benefit Statements, but it was unlikely that this would be achieved due to the reliance on employers for the data required. The team had currently produced 99% of active statements. Positive engagements were taking place with employers for data to support the McCloud remedy, however there were two employers who were not currently engaging.

22.3 The Committee made comments including those that follow.

- a. Queried the Data Improvement Plan and the resource impact. – Andrew Lowe explained that a small team was working on the plan and one person had left and so they were looking to fill the vacancy.
- b. Noted the onboard of pension administration for the London Borough of Hillingdon Pension Fund and queried the impact on West Sussex. – Andrew Lowe confirmed that the go live for this fund has been uneventful and everything has worked well. It is anticipated that there would be no impact on the West Sussex Pension Fund.
- c. Queried the late contribution payments from two employers and asked if this was an exceptional situation. – Rachel Wood confirmed that contribution monitoring was done by West Sussex and that the employers involved had a backdated admission which caused a delay to payments. The circumstances were considered to be exceptional and there was no ongoing concern.
- d. Asked how the portal usage compared nationally. – Rachel Wood explained that the focus was on encouraging large employers to use the employer portal. It was difficult to provide national comparison as the portal was new and not adopted by all Schemes or with the same functionality. Andrew Lowe confirmed that in West Sussex there was a 28% usage of the employer portal which was comparable with the Hampshire usage.

22.4 Resolved – that the Committee notes the update with particular attention to the work associated with the publication of Annual Benefit Statements and Pension Saving Statements to members.

23. Date of the next meeting

23.1 The Committee noted that its next scheduled meeting would take place on 4 February 2022 at County Hall, Chichester.

24. Exclusion of Press and Public

Resolved - That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

25. Part II Minutes of the last meeting

The Committee agreed the Part II minutes of the Pensions Committee held on 21 July 2021.

26. Pension Advisory Board Minutes - Part II

The Committee noted the contents of the Part II minutes from the 28 April 2021 Pension Advisory Board meeting.

27. Investment Strategy Implementation

The Committee considered a report by the Director of Finance and Support Services.

The Committee discussed the report and made appropriate recommendations.

28. Update from ACCESS Joint Committee activity (6 September 2021)

The Committee considered a report by the Director of Finance and Support Services.

The Committee considered the report and noted its contents.

29. Review of Pension Investment Performance

The Committee considered a paper by the Director of Finance and Support Services and the Independent Adviser relating to the quarterly performance reports from the fund managers.

The Committee welcomed the advice.

30. Presentation by Baillie Gifford

The Committee received an update from Lynn Dewar, Tim Gooding and Amy Anderson from Baillie Gifford on the portfolio performance for the quarter.

The meeting ended at 3.00 pm

Chairman

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