

Pension Advisory Board

22 May 2019 – At a meeting of the Pension Advisory Board held at 9.30 am at County Hall, Chichester, PO19 1RQ.

Present: Peter Scales (Chairman)

Richard Cohen, Miranda Kadwell, Kim Martin, Becky Caney, Chris Scanes and Tim Stretton

Part I

1. Declarations of Interests and Conflicts

1.1 None declared.

2. Part I Minutes of the last meeting

2.1 Resolved – That the part I minutes of the meeting of the Board held on 6 March 2019 be approved as a correct record and signed by the Chairman.

3. Pension Advisory Board Membership

3.1 The Board noted that the Chairman had agreed to reappoint both Richard Cohen and Chris Scanes as representatives on the Board for a second 4 year term.

4. Progress Report

4.1 The Board considered the progress report on matters arising from previous meetings (copy appended to the signed minutes).

4.2 Adam Chisnall (Democratic Services Officer) introduced the report and provided an update for the action against minute 76.5 in that the Chairman of the Pensions Panel would attend a Board meeting later in the year. It was likely that this would be the November Board meeting.

4.3 The Board considered the outstanding actions and agreed that the action against minute 74.6 could be removed.

4.4 Resolved – That the Board noted the report.

5. Pensions Panel Minutes - Part I

5.1 The Board considered the confirmed part I minutes from the 28 January 2019 Pensions Panel meeting; and the Agenda from the 29 April 2019 Pensions Panel meeting (copy appended to the signed minutes).

5.2 The Board considered the minutes and noted that the year within minute 84.1 should be 2018.

5.3 The Board considered the agenda and noted that the Board had previously considered discretions.

5.4 Resolved – That the minutes and agenda be noted.

6. Regulations and Guidance update

6.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes).

6.2 The Chairman introduced the report and explained that the most recent CIPFA bulletin had not been included and that the Good Governance Project referenced in Appendix B was included on the Board agenda.

6.3 The Board discussed report and commented on the possibility of a change in guidance. The Board felt that there was confusion with statutory and guidance information and that this required clarification.

6.4 Resolved – That the Board notes the current issues relating to Scheme Regulations and Guidance.

7. Business Planning and Performance

7.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes).

7.2 The Chairman introduced the report and explained the report looked to bring consistency with the Business Plan for the Pensions Panel. Objectives had been included for the Board with key tasks, activities and identified risks outlined.

7.3 The Board made comments including those that follow.

- Queried the title 'West Sussex County Council Pension Fund' in the Business Plan. – *Rachel Wood (Pension Fund Investment Strategist) clarified that the County Council was the administering authority for the West Sussex Pension Fund.*
- Commented that the wrong 'complimentary' had been used in the document.
- Asked if policy documents should be considered within the work programme. – *The Chairman felt the timing of the item would depend on the work of the Pensions Panel and when different policies would be updated. Policy documents was a standing agenda item for the Board and so documents could be monitored when timing was appropriate.*
- Queried if the Business Plan would go to the Pensions Panel. – *Rachel Wood confirmed that the Business Plan would be approved by the Governance Committee and would then go to the Pensions Panel.*

7.4 Resolved – That the Board agrees the draft Business Plan for 2019/20; agrees to refer the Business Plan to the Governance Committee for their approval; and agree that the Business Plan is provided to the Pensions Panel for noting.

8. Review of Pension Fund Policy Documents

8.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes).

8.2 Rachel Wood introduced the report and asked members to consider the list of policy documents at Appendix A.

8.3 The Board made comments including those that follow.

- Noted the lack of Board review date in the list. – *Rachel Wood explained that the next date of review column referred to the Board. Tara Atkins (Principal Pensions Consultant (Administration & Employers)) added that the previous appendix had included the last officer review date. The Board requested that in future the appendix should include the last time the Board reviewed the document, when it should be reviewed next and a link to the document.*
- Queried the lack of the Treasury Management policy which had previously been reviewed by the Board. – *Rachel Wood resolved to add this to future appendices.*

8.4 Tara Atkins introduced the Communications Strategy and explained that processes had changed following the appointment of Hampshire County Council (HCC) for pension administration. HCC had sent out their newsletter and officers would now work with them on the format and contents for next year. Webpages had been updated to give reassurance and clarification over the change in administration provider.

8.5 The Board made comments including those that follow.

- Asked who wrote the newsletters. – *Tara Atkins confirmed that HCC wrote the newsletters, that were previously written by Capita. The process was currently in a transition period. HCC would discuss future newsletters with the Board. HCC would be expected to attend Board meetings for the Administration Procedures and Performance item which could be utilised for newsletter discussions. The Board proposed a working group with HCC on newsletters. Tara Atkins agreed to discuss this with HCC.*
- Queried the definition of 'reasonable timescales' for response to letters, emails, enquires and phone calls. – *Tara Atkins confirmed that deadlines were covered within the administration strategy. Rachel Wood clarified that the timescale would be 5 working days. The Board felt this detail should be added to the policy document.*
- The Board commented that members expect immediate response to email and acknowledged that HCC used an auto response system for emails to confirm receipt.

- Sought clarity on the phone query process. – *Tara Atkins confirmed that HCC had a dedicated team for this. The team also monitored the mailbox and would attempt to keep members informed if queries were likely to take longer than expected. The transition period was resulting in a higher volume of queries than normal.*
- Queried the frequency of payslips for pensioner members. – *Tara Atkins confirmed that pensioner members would receive an annual payslip, but would also receive another payslip if amounts changed. Payslips were available on the portal. The £1 threshold had been set by HCC.*
- Asked why the Firefighters Scheme would be looking at Pension Advisory Board documentation. – *Tara Atkins confirmed that this related to the Pension Advisory Board for the Firefighters Scheme. Tara Atkins resolved to check the title of the Board.*
- Queried if information such as 50/50 contributions was advertised. – *Tara Atkins confirmed that it was the expectation for employers to refer their employees to relevant information. Newsletters had previously included this information.*
- Felt that communications between the Pensions Panel and the Pension Advisory Board should be clarified. – *Tara Atkins noted that the Board had different objectives to the Panel.*
- Asked if Orbis could be utilised for the legal arrangements. – *Tara Atkins explained that legal were only required for admissions and not for legislative discussions.*
- Highlighted the employer briefing sessions from HCC which had been well received and attended.

8.6 Rachel Wood introduced the Funding Strategy Statement which would be a key piece of work for the valuation. The Statement outlined how the actuary would consider the funding position. The statement would be sent to employers for consideration.

8.7 The Board made comments including those that follow.

- Highlighted that the regulation extract was from Regulation 58 and not Regulation 61.
- Commented on the difficulty for the Board to ensure compliance when the guidance kept changing.
- Queried the impact of employer rates from the outcome of the McCloud case. – *Rachel Wood confirmed that employer rates were likely to increase in both outcomes of the appeal.*
- Asked if there had been much take up of ill health insurance. – *Rachel Wood confirmed that this had mainly been taken up by town and parish councils. As part of the valuation work this could be highlighted to employers.*

8.8 Resolved – That the Board notes the register of policy documents, the contents of the Communication Strategy and the Funding Strategy Statement.

9. Administration procedures and performance

9.1 The Board received a report by the Director of Finance, Performance and Procurement (copy appended to the signed minutes).

9.2 The Board welcomed Lois Downer, Deputy Head of Pensions at Hampshire County Council (HCC). Lois introduced herself to the Board and explained that HCC provided pension administration service for Hampshire Police and Hampshire Fire Services. West Sussex County Council was the only external local government client.

9.3 Tara Atkins introduced the report and reported that officers were liaising with HCC over benefit arrangements for members who had been affected by the amendment to the regulations.

9.4 The Board made comments including those that follow.

- Asked if an exit credit had ever been paid. – *Rachel Wood reported that there was currently one pending which concerned an employer who was in surplus.*
- Queried officer progress with the MHCLG Valuation Cycle consultation. – *Rachel Wood confirmed that officers were drafting a response. Officers could send Board members a draft of the response and the submitted version could be brought to the next Board meeting for noting. Officers were working on an approach to inform employers of the consultation.*
- Asked why there were so few West Sussex County Council pensioners, (14,599) out of 27,253. – *Tara Atkins commented that this may be linked to who the final employer was for the member. Rachel Wood resolved to look into this and check the figures.*
- Sought clarity on the figure for the number of employers that was missing from Appendix D. – *Rachel Wood confirmed it should be 201.*
- Commented that it would be interesting to look at the number of people who have signed up to the portal compared to the previous system. – *Rachel Wood resolved to look into this. Tara Atkins commented that the Annual Benefit Statement (ABS) notifications would be expected to increase portal sign up.*
- Sought clarity on the number of open cases from Capita that HCC were working through. – *Rachel Wood explained that HCC were working to understand the open cases and any disparity with members with open/closed cases.*

9.5 The Board commented that guidance should be statutory.

9.6 Lois Downer gave a presentation to the Board which gave an overview of Hampshire Pension Services (copy appended to the signed minutes).

9.7 Lois Downer explained that HCC used the Civica system to handle pension workflow. The system allowed urgent cases to be identified and prioritised. The system also highlighted cases nearing Service Level Agreements (SLA), which allowed them to be picked out and resolved to ensure compliance. Temporary staff had been hired to assist with the

workload following the transfer. It was acknowledged that the initial month would miss the 100% SLA due to the transfer work. Steps had been put in place to make improvements going forwards. Call volumes had been five to six times higher than expected. Members seemed reassured with how their cases were being handled. Differences had been noted with employer annual returns, and so HCC were working with West Sussex County Council on data cleansing work.

9.8 Rachel Wood confirmed that officers would be working with HCC and the actuary, Hymans Robertson, towards the valuation work. A data improvement plan was being drafted.

9.9 The Board made comments including those that follow.

- Commented that systems were only as good as the users. – *Lois Downer reported that it was a central team that inputted data, so cases were not waiting on individuals.*
- Sought clarity on the process for queries. – *Lois Downer explained that HCC had moved away from queries having an individual case officer. The central team could look into queries and also see who was the last officer to look at a case. Most queries related to estimates. The system resulted in better resilience as all officers were able to see all information. Members would still be able to speak to senior officers for complex cases.*
- Sought clarity on the process for complaints. – *Lois Downer explained that informal complaints were handled straight away, ensuring that members were not given unrealistic expectations. Formal complaints went to a specific team, which would enable lessons to be learnt as an investigation would follow.*
- Queried the sort of issues that had been discovered with the data. – *Tara Atkins reported that there were issues with historic data. Rachel Wood reported that HCC were already working on data improvements outside of the formal plan. Lois Downer confirmed that HCC were prioritising the issue as it would impact the valuation and it was important that members were able to see their ABSs.*
- Commented on the data that the Board would like to see in standard reports going forwards. – *Tara Atkins reported that officers had not had membership data discussions with HCC yet. The intention would be to match previous report information following a discussion with HCC.*
- The Board highlighted that they would want to communicate with HCC on communication newsletters.

9.10 Lois Downer expressed her wish to work openly with the County Council and resolve any transparency issues. HCC had a customer service excellence accreditation which they were keen to retain.

9.11 Resolved – That the Board notes the report and requests that reports include more data following officer discussions with Hampshire County Council.

10. Good Governance

10.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes).

10.2 Vickie Hampshire (Finance Manager - Pension Fund Governance) introduced the report and explained that the Scheme Advisory Board (SAB) had engaged with Hymans Robertson to facilitate a consultation on good governance structures. The project was not about separating host authority pension functions but looking to ensure a good system and removing any conflicts of interest. It had been acknowledged that all funds were different. The report appendix outlined the different options. The SAB had said a status quo was not an option, but a hybrid of options was expected.

10.3 The Chairman spoke through the different options that had been proposed during the project and some of the consultation responses that had been received. Comments received had included concerns like the lack of elected member continuity following elections; recruitment for authorities if they had recruitment bans in place; representation impact for county, district and parish; conflicts of interest with fund goals versus authority goals.

10.4 The Board made comments including those that follow.

- Queried the impact of the changes during pooling arrangements. – *The Chairman felt that the governance arrangements for West Sussex were as good as they should be and was not aware of any conflicts. Any option introduced would ensure clearer guidance for what all parties should be doing.*
- Asked if pools consolidating the administration arrangements had been considered. – *Rachel Wood confirmed that administration had been discussed in the past.*
- Raised concerns over the cost of any changes. – *Vickie Hampshire confirmed that the cost of options would be considered.*

10.5 The Chairman confirmed that he was due to meet with Steven Law from Hymans Robertson and would be discussing his views. Other Board members were encouraged to contact Vickie Hampshire if they had any particular views.

10.6 Resolved – That the Board notes the report and asks that their comments be passed to Hymans Robertson.

11. Training

11.1 The Board received a document outlining the training that been recorded for Board members (copy appended to the signed minutes).

11.2 The Board made comments including those that follow.

- Queried if the Pension Regulator Toolkit had been updated since it was completed by the Board members. – *Vickie Hampshire resolved to look into this.*

- Sought an update on Internal Audit training. – *Rachel Wood noted that Internal Audit training had been proposed for November. Vickie Hampshire resolved to look into training timeframe to see if the training would align with the November plan.*

11.3 Resolved – That the Board members note the training log and will continue to report progress on training.

12. Date of Next Meeting

12.1 The Board noted that its next scheduled meeting would take place on Wednesday 4 September 2019 at 9.30 a.m. at County hall, Chichester.

13. 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.

14. Part II Minutes of the last meeting

The Board agreed the Part II minutes of the 6 March 2019 meeting.

15. Pensions Panel Minutes – Part II

The Board noted the contents of Part II minutes from the 28 January 2019 Pensions Panel meeting.

16. Investment Pooling

The Board considered an Investment Pooling report by the Director of Finance and Support Services which had gone to the 29 April 2019 Pensions Panel Meeting.

The Director's title at the time of the Pensions Panel was Director of Finance, Performance and Procurement.

The Board noted the report.

The meeting ended at 12.35 pm

Chairman