

Pension Advisory Board

4 September 2019 – At a meeting of the Committee at 9.30 am held at County Hall, Chichester, PO19 1RQ.

Present: Peter Scales (Chairman)

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

Officers in attendance: Nadine Muschamp (Head of Finance), Rachel Wood (Pension Fund Investment Strategist), Tara Atkins (Principal Pensions Consultant (Administration & Employers)) and Adam Chisnall (Democratic Services Officer)

Part I

17. Declarations of Interests and Conflicts

17.1 None declared.

18. Part I Minutes of the last meeting

18.1 Resolved – That the part I minutes of the meeting of the Board held on 22 May 2019 be approved as a correct record and signed by the Chairman.

19. Progress Report

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

19.2 Adam Chisnall (Democratic Services Officer) introduced the report and highlighted the actions that had taken place since the last Board meeting.

19.3 The Board discussed the outstanding action regarding newsletters and queried how this would be undertaken. - *Tara Atkins (Principal Pensions Consultant (Administration & Employers)) explained that Hampshire County Council worked differently to Capita in that they did not do active member newsletters and instead added comments to the Annual Benefit Statements (ABS). Pensioner newsletters had already been published. Conversations were planned with Hampshire County Council to discuss how to incorporate the Board on newsletters. Rachel Wood (Pension Fund Investment Strategist) confirmed that the Communication Strategy had come to the Board previously and could be discussed at a future Board meeting, and so newsletter arrangements could be considered further then. Lois Downer (Deputy Head of Pensions at Hampshire County Council) had attended the previous Board meeting and noted the Board's request to be involved with newsletters.*

19.4 The Board queried when ABSs would be released. - *Tara Atkins confirmed that the ABSs should be available on the portal and recommended that queries should be raised with Hampshire County*

Council if there were any difficulties in accessing them. It was confirmed that unless the member has opted out of e-communication, individuals who had not signed up to the new portal would not receive a paper ABS as the existing paperless policy remained in place.

19.5 Employer Representatives reported that they had received good feedback on the portal and the ABSs; and praised the stop press email that had been circulated to staff members. Comments had been received that information such as spouse and death benefit information were missing on some ABSs. – *Rachel Wood explained that this information should have been automatically copied over. The ABS should be used for assurance purposes and to highlight any gaps in information that required completing.*

19.6 The Board queried how the issues that had been experienced by members would be picked up and be communicated on. – *Rachel Wood explained that Hampshire County Council would be driving most communications and that the alignment of the communications strategy would help with the issues. Tara Atkins explained that County Council communications used the Gov Delivery system for emails and so an approach was required that would align with the portal system.*

19.7 Resolved – That the Board noted the report.

20. Pensions Panel Meetings

20.1 The Board considered a report from the Chairman of the Pension Advisory Board which included the confirmed part I minutes from the 29 April 2019 Pensions Panel meeting; and the Agendas from the 24 July 2019 Pensions Panel meeting and the Annual General Employer Meeting (AGM) (copies appended to the signed minutes).

20.2 The Chairman introduced the report and reported on the Pensions Panel and the AGM that he attended.

20.3 Board members discussed the AGM and felt that it had been well received by employers but had not been as well attended as previous years. Board members felt the agenda items had been brief but informative. – *Rachel Wood reported that officers would review employer engagement for future AGM items.*

20.4 The Board discussed the investment portion of the AGM and felt that, whilst it was not an area employers could interact with, it was informative to give assurance on investment principles. – *Rachel Wood added that it was a useful section of the AGM to explain the processes and decisions that would impact employer contribution rates.*

20.5 Queried which fund manager would be attending the AGM next year. – *Rachel Wood explained that it would be UBS's turn, but officers would need to see how this would be impacted by pooling arrangements.*

20.6 Resolved – That the report, minutes and agendas be noted.

21. Business Plan Update

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

21.2 The Chairman introduced the report and explained that the format aligned with the Business Plan updates for the Pensions Panel. Appendix A outlined the key items for the Board and areas to be reminded of. A new risk had been included which concerned the regulators understanding of the role of Pension Boards. The report also included updates to the Pensions Panel Business Plan at Appendix C.

21.3 Resolved – That the Board notes the updates to the Business Plans of the Pension Advisory Board and the Pensions Panel.

22. Regulations and Guidance update

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

22.2 The Chairman introduced the report and explained that Appendix A outlined relevant bulletins that the Chairman would continue to circulate to the Board when they were of particular relevance or importance.

22.3 The Chairman drew the attention to Appendix C which outlined a briefing which could become a regulation; and Appendix D which concerned environmental, social and governance (ESG) and responsible investments which would be something that the Board should monitor that the Panel is aware of.

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

23. Governance Reviews and Surveys

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

23.2 The Chairman introduced the report and explained that the results of the Hymans Robertson Good Governance review would be going to the Scheme Advisory Board. Board members were reminded that a link had been included to this report as a Background paper for the Business Plan Update report.

23.3 Appendix A gave a summary of the results of the Pensions Regulator survey on Governance and Administration.

23.4 The Chairman spoke through Appendix B which covered a proposed response to the Local Pension Board Survey.

23.5 The Board discussed the survey response and made comments including those that follow.

- Confirmed for question 9 that the scheme manager made a recommendation to the Governance Committee for Chairman appointments.
- Felt for question 17 that it should be clear that the Board had adopted the County Council policy for conflicts of interests.
- Queried for question 18b if declaration of potential conflicts of interests should be done annually. – *Adam Chisnall confirmed that County Council elected members were asked to routinely confirm that their register of interest was correct, and that this could be something that could be introduced for Board members. The Chairman proposed this activity could form part of the annual assessment. Rachel Wood resolved to look into this.*
- Discussed the '5' ratings for question 33 and agreed that these were appropriate as there were no negative experiences for the instances listed.
- Commented on the proposed percentages for question 44 and felt that the work of the Board was topical and needed to reflect current issues e.g. recently the Board had spent a lot of time looking at Hampshire County Council's administration transfer.

23.6 The Board confirmed they were happy for the Chairman to submit the survey response, subject to the amendments discussed.

23.7 Rachel Wood resolved to share the proposed survey response with Katharine Eberhart, Director of Finance and Support Services.

23.8 Resolved – That the Board notes the publication of the Hymans Robertson Good Governance Review and the outcome of the Pensions Regulator's 2018 Survey. The Board also agreed the suggested responses to the draft Scheme Advisory Board's survey, subject to the amendments discussed.

24. **Review of Pension Fund Policy Documents**

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

24.2 Rachel Wood introduced the report and confirmed that Appendix A had been updated following the requests made at the previous meeting.

24.3 The Board were asked to give feedback on the Annual Report which had been considered at the July Pensions Panel meeting. The Pensions Panel had raised comments regarding clarity which had been made for the published version.

24.5 Rachel Wood reported that guidance now required Annual Reports to include all employers within the scheme. These were included in alphabetical order with the contribution amounts included.

24.6 Rachel Wood explained that Appendix C outlined any exceptions to compliance and how these were being justified.

24.7 The Board made comments including those that follow.

- Queried the implications of not adhering to the 'Must's in Appendix C. – *Rachel Wood explained that the Pension Fund had to respond to any areas of non-compliance. The Chairman added that the regulatory requirement was to have regard to CIPFA guidance and that this was less specific than a requirement to comply with Secretary of State guidance. The Chairman added that CIPFA guidance required statutory policy documents to be included in full, whereas he agreed with West Sussex in that including a hyperlink to the document was sufficient.*
- Queried if the Board should respond to the CIPFA guidance to challenge some of the potentially unnecessary requirements and seek compliance for the alternative approach to the regulations e.g. links included rather than full documents. – *Rachel Wood explained that officers could speak to CIPFA to explain how officers believed compliance was being achieved. Rachel Wood added that the inclusion of links within the Annual Report ensured that the correct version was available.*
- Queried if the Internal Dispute Resolution Procedure (IDRP) listed in Appendix A was a requirement. – *Tara Atkins confirmed that this was not a regulatory requirement. The Chairman added that Treasury Management was also not a regulatory requirement. Rachel Wood explained that the Appendix aligned with guidance from Hymans Robertson but resolved to confirm the 'Importance' category for the next Board meeting.*

24.8 The Chairman praised the Annual Report and acknowledged that some areas were not entirely compliant with the detailed specifications in the CIPFA guidance, but that the officers and Panel had clearly had regard to the guidance in the context of the regulatory requirement.

24.9 Resolved – That the Board notes the register of policy document; the compliance of the Annual Report; and that the Pensions Panel have previously agreed the contents.

25. **Funding Strategy Statement**

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

25.2 Rachel Wood introduced the report and explained that the Funding Strategy Statement had been considered at the 24 July Pensions Panel meeting. The Pensions Panel had also received a presentation from the actuary which was similar to the actuary presentation at the AGM.

25.3 Rachel Wood highlighted the comments on page 164 which were from employers as part of the consultation exercise.

25.4 The Board made comments including those that follow.

- Queried the powers the actuary had to perform interim valuations to amend contribution rates. – *Rachel Wood explained that the actuary could currently use this power for specific instances in order to manage employer risks.*

- Asked who would pay for the interim valuations if available. – *Rachel Wood explained that employers would be charged for the costs for specific actuary work.*

25.5 Resolved – That the Board notes the Funding Strategy Statement.

26. **Date of Next Meeting**

26.1 The Board noted that its next scheduled meeting would take place on Wednesday 20 November 2019 at 9.30 a.m. at County Hall, Chichester.

27. **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.

28. **Part II Minutes of the last meeting**

The Board agreed the Part II minutes of the 22 May 2019 meeting.

29. **Pensions Panel Minutes – Part II**

The Board noted the contents of Part II minutes from the 29 April 2019 Pensions Panel meeting.

30. **Administration procedures and performance**

The Board considered the report by the Director of Finance and Support Services which included the Administration Performance report from the 24 July Pensions Panel (copy appended to the signed minutes).

The Board were joined by Andrew Lowe from Hampshire County Council.

The Board made comments on the report and discussed the continuing arrangements with Hampshire County Council following the recent transfer.

31. **ACCESS Update**

The Board considered the report by the Director of Finance and Support Services from the 24 July Pensions Panel (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.50 am

Chairman