

Pension Advisory Board

20 November 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, Becky Caney and Chris Scanes (arrived at 9.38am)

Apologies were received from Kim Martin, Tim Stretton and Nadine Muschamp

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

Part I

32. Declarations of Interests and Conflicts

32.1 None declared.

33. Part I Minutes of the last meeting

33.1 Resolved – That the Part I minutes of the meeting of the Board held on 4 September 2019 be approved as a correct record and signed by the Chairman.

34. Progress Report

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

34.2 Adam Chisnall (Democratic Services Officer) introduced the report and explained that the Progress Report was in a new format to comply with new accessibility regulations.

34.3 Resolved – That the Board noted the report.

35. Pensions Panel Minutes - Part I

35.1 The Board considered the confirmed Part I minutes from the 24 July 2019 Pensions Panel meeting; the confirmed minutes from the Annual Meeting of the Pensions Panel and the Employers in the Scheme on 24 July 2019; and the Agenda from the 25 October 2019 Pensions Panel meeting (copies appended to the signed minutes).

35.2 Resolved – That the minutes and agenda be noted.

36. **Regulations and Guidance Update**

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

36.2 The Chairman introduced the report and explained that Appendix A covered the areas of interest on compliance. The Chairman also confirmed that the date in 4.3 should be the 7 November.

36.3 Rachel Wood (Pension Fund Strategist) explained the consideration of the Competition and Markets Authority's (CMA) Order by the Pension Panel at their meeting on 25 October 2019, who had resolved that the Director of Finance and Support Services and the Chairman could agree objectives for consultants. This needed to be embedded within formal documentation. A deadline of mid-December had been given to have a framework on how guidance would be used. The expectation was that most Local Government Pension Schemes (LGPS) would have similar approaches to consultants.

36.4 Responding to questions, Rachel Wood advised that CPCG referred to the Cross Pool Collaboration Group on which each pool had a representative. ACCESS did not include its Pool Operator as part of the CPCG but participated in the groups with other LGPS representatives – *The Chairman commented that the output of the Scheme Advisory Board's (SAB) responsible investment guidance work should be monitored to see if outcomes were mandatory or guidance.*

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

37. **Governance Reviews and Surveys**

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

37.2 The Chairman introduced the report and reported that the SAB had agreed Phase III of the work to look into how governance of the LGPS should change, including governance compliance statements. Rachel Wood confirmed that Phase III ran until February 2020 and would then go back to the SAB to see how recommendations could be implemented.

37.3 The Board made comments including those that follow.

- Commented on the expectations for Board members and that there was an intention to employ the same rigors to elected members and officers. Board members commented that Wednesbury Principle was used to consider actions compared to other administration bodies in the same position.
- Queried the outcome of the Hymans Robertson knowledge survey.
– *Rachel Wood explained that the results had influenced the training strategy which ensured a consistent approach across the Pensions Panel and the Pension Advisory Board. Rachel Wood resolved to circulate the correct answers to the questions in the survey.*

- Discussed the Pensions Regulator survey at Appendix A and how a response should be submitted. – *Rachel Wood confirmed that the deadline for submission was the 29 November. The Chairman resolved to work with officers on the submission and ensure that the submitted response was added to the next Board agenda.*

37.4 Resolved – That the Board notes the register of policy documents, the current position on the SAB governance review.

38. **Business Plan Update**

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

38.2 The Chairman introduced the report and highlight the proposed work plan at Appendix B.

38.3 Rachel Wood spoke through the Pensions Panel Business Plan Update which included an update on the Pensions Regulator deep dive. The full deep dive report was available as a background paper to the Pensions Panel report. Board members commented on the monthly issues that were sent out by Hymans Robertson and asked if these should be sent to Board members. – *Rachel Wood resolved to send these on to Board members.*

38.4 The Board queried the discrepancy in the level of training of Pensions Panel members . – *Rachel Wood explained that some members of the Panel were long serving members who had previously completed training. It was noted that conferences could compliment existing learning.*

38.5 Resolved – That the Board notes the updates to the Business Plans.

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

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

39.2 Tara Atkins (Principal Pensions Consultant (Administration & Employers)) introduced the policy and explained the requirements regarding the reporting of breaches.

39.3 The Board made comments including those that follow.

- Queried if the example in the appendix concerning Board member knowledge would be considered a breach. – *Tara Atkins confirmed that if members were not taking sufficient steps towards learning it would be considered a breach. Members commented that this would be a difficult area to measure. Tara Atkins explained that an investigation would likely look into the processes for knowledge and understanding. Rachel Wood added that the training requirements for Board members were applied across the Training Strategy and therefore would cover Pensions Panel members.*

- Asked if all breached were logged. – *Tara Atkins confirmed that all breaches were logged.*
- Queried if it was possible to review the breach log for outcomes to help identify risk areas. – *Tara Atkins resolved to look into this.*

39.4 Resolved – That the Board notes the register of policy documents and the guidance on breaches policy provided by the Pensions Regulator.

40. **Administration procedures and performance**

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

40.2 The Board welcomed Andrew Lowe, Head of Pensions, Investment and Borrowing at Hampshire County Council, to the meeting.

40.3 Tara Atkins introduced the report and highlighted the work that had been done on the Tell Us Once system and confirmed that the scheme return had been submitted in time for the deadline.

40.4 Rachel Wood confirmed that the Pensions Panel Administration report from the 25 October had been appended as the intention was to ensure the same report was considered by both the Panel and Board. The Pensions Panel had commented on the failure to hit the Service Level Agreements (SLA), but acknowledged there were legacy issues and expected the SLA to be met one year after the transfer. Hampshire County Council were reported to be responding well to the demand.

40.5 Andrew Lowe confirmed that his team was working hard and that there was a joined approach with West Sussex on the direction of travel. The statistics were continuing to improve and Andrew Lowe was able to report on the October statistics.

Active Retirement - 100%
 Deferred Retirement – 100%
 Estimates – 100%
 Deferred Benefits – 100%
 Transfers in / out – 92.8%
 Divorce – 42.5%
 Refunds – 100%
 Rejoiners – 100%
 Interfunds – 65.35%
 Death Benefits – 100%

40.6 Andrew Lowe gave additional statistics on call volumes. In October 2018 Hampshire had received 2,795 calls and 97.5% had been met on time. In October 2019 4,500 calls had been received with 95% being met on time. Andrew Lowe felt this showed the correct resourcing had been allocated for the demand.

40.7 Andrew Lowe commented on the Annual Benefit Statements (ABS) in that the majority had been submitted in time for the deadline. The missing statements were linked to data issues rather than processes. Andrew Lowe confirmed that no complaints had been received on ABSs.

Rachel Wood confirmed that missed ABSs were being published as soon as the data issues were resolved. Rachel Wood also reported that positive comments had been received on the format. Andrew Lowe confirmed that the Pension Saving Statement deadline had also been met.

40.8 The Board made comments including those that follow.

- Queried the compliance with the scheme return. – *Tara Atkins confirmed that for common data mid 90% had been complied with and for conditional data had been in the 80% region. Tara Atkins explained that the data had been split into current and legacy and appropriate areas had been identified for improvement. Rachel Wood confirmed that the results were similar for the LGPS average and explained that some of the issues were linked to missing data, such as addresses.*
- Questioned the low statistics for Divorce case work. – *Andrew Lowe confirmed that the issues were linked to transfers and payments that needed to be paid. Additional resource was being put into this area to help. Rachel Wood added that Hampshire were committed to providing information when it was required, albeit not necessarily complying with the SLA.*
- Asked if the SLA compliance was linked to waiting for information. – *Andrew Lowe confirmed that the clock stopped if officers were waiting on information.*
- Queried if there was an opportunity with deferred members to encourage them to sign up to the online Member Portal. – *Andrew Lowe commented that this was not an area that had been previously considered, but felt this could be investigated. Board members took the opportunity to comment that the Hampshire portal was user-friendly.*
- Commented on the low level of active members using the online Member Portal and queried if there had been a launch event to publicise the portal. – *Rachel Wood explained that employers had mentioned they would be doing exercises to help promote the portal, for which Hampshire would provide support. Andrew Lowe commented that age of members was a factor in portal usage. Rachel Wood commented that officers could work with Hampshire next year to highlight the benefits of the portal with regard to ABS accuracy.*

40.9 Resolved – That the Board notes the report and confirms satisfaction with the level of information provided.

41. **Communication Strategy**

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

41.2 Tara Atkins introduced the report and highlighted the previous discussions at Board meetings on communications. Appendix A outlined the communications that took place.

41.3 The Board made comments including those that follow.

- Queried how pensioners were informed of changes. – *Tara Atkins confirmed that the pensioners received a newsletter. Rachel Wood resolved to confirm if this was distributed with the payslips and what the timescales were.*
- Sought clarity on West Sussex officers' involvement in the newsletter contents. – *Tara Atkins confirmed that arrangements were different with Hampshire than they had been with Capita; Hampshire provided the service for which officers could then provide feedback on. Officers were already looking into the process for April and were working on feedback on newsletters. Board members welcomed the feedback process, but would want things challenged if feedback suggestions were not considered.*
- Queried the process for ABS feedback. – *Tara Atkins confirmed that employer feedback would impact ABSs next year. However, as feedback had been generally positive this year a change was not expected. It was confirmed that Hampshire had been doing this for many years and so the expectation was that their processes had been through refinement.*
- Asked if the Board could consider the templates. – *Tara Atkins confirmed that the expectation would be for the Board to comment on the templates for Hampshire to consider for next year. Hampshire would be primarily seeking comments on formats.*
- Queried if there would be an employer newsletter. – *Tara Atkins confirmed this would happen and explained that pension matters across West Sussex and Hampshire would be the same. The deadline for comments on this would be December. Rachel Wood resolved to look at the distribution lists for these.*
- Sought clarity on the process for newsletter comments. – *Rachel Wood explained that going forwards, published newsletters would be sent to the Board for comments that would feed into the following newsletters. The Board welcomed the approach and felt that a regular, annual agenda item should be scheduled following each newsletter publication.*
- Queried if newsletters encouraged online Member Portal sign up. – *Rachel Wood confirmed that payslips included communications on portal encouragement. Rachel Wood resolved to provide feedback to Hampshire that references should also be included in newsletters.*
- Sought clarity on the mechanisms to encourage a response on pension returns to ensure members were still alive. – *Rachel Wood explained that Hampshire performed monthly mortality screens.*
- Commented that there was no newsletter for active members. – *Rachel Wood confirmed that Hampshire included relevant updates within the ABS. Email communications also happened for specific situations. Rachel Wood resolved to confirm the current process.*
- Highlighted that pension members needed reassurance that communications were from West Sussex. – *Rachel Wood confirmed that communications from Hampshire would have relevant West Sussex headers.*
- Queried if it was possible to see comments from Hampshire Pension Scheme members. – *Rachel Wood resolved to investigate this possibility.*

41.4 Resolved – That the Board notes the schedule of communications and highlights the feedback given during the discussion.

42. **The Pensions Regulator Code of Practice 14 (Compliance)**

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

42.2 Rachel Wood introduced the report which explained how compliance was met. It was explained that the Pensions Regulator also had a self assessment tool that was available for the Board to see; however, officers had a preference for their own format for Board consideration.

42.3 The Board made comments including those that follow.

- Felt that the term 'right balance' for the requirement of Board member skills, experience and representation required clarification. – *Rachel Wood resolved to clarify the wording.*
- Queried the requirement for personalised training plans. – *The Chairman commented that the annual review process would consider individual training needs. Rachel Wood confirmed that the outcomes from the annual reviews would assist with forming a collective approach.*
- Commented that the requirement for Board members to be conversant with scheme rules and policies should refer to the regular items on the Board's agendas.
- Commented that the requirement for the administering body to assist with Board member knowledge and understanding should refer to the annual reviews. The records of learning requirement should also reflect the maintained training log. The Board confirmed they were happy with how training was being recorded.
- The Board discussed the appropriateness of time spent on training and felt that the time spent on training should be proportionate to the time the role requires. Training should be focussed and considered against future agenda items. Rachel Wood confirmed that reports were written to include background information which enhanced training and knowledge on agenda items.
- Commented that 'met' had changed to 'yes' through the document and that consistent wording should be used. It was also commented that 'see comments above' should be more specific.
- Queried the progress on the formal procedure for identifying payment failures. – *Rachel Wood confirmed that the procedure was in place, it just required formal documentation.*

42.4 Rachel Wood thanked the Board for their comments and proposed that the item could be reported annually.

42.5 Resolved – That the Board highlights the feedback given during the discussion.

43. **Training**

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

43.2 The Chairman gave feedback on a recent CIPFA conference he had attended. The conference had covered information on consolidating schemes which had not been relevant for Local Government Pension Scheme.

43.3 Future training was discussed and the requirement to ensure compliance. Rachel Wood confirmed that budget was available to use for training if required.

43.4 Resolved – that the training log is noted and that Board members will continue to report progress on training.

44. **Date of Next Meeting**

44.1 The Board noted that its next scheduled meeting would take place on Wednesday 26 February 2020 at 9.30 a.m. at County hall, Chichester.

45. **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.

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

The Board agreed the Part II minutes of the 4 September 2019 meeting.

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

The Board noted the contents of Part II minutes from the 24 July 2019 Pensions Panel meeting.

48. **ACCESS Update**

The Board considered the report by the Director of Finance and Support Services from the 25 October 2019 Pensions Panel (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 12.40 pm

Chairman