

Pension Advisory Board

28 April 2021 – At a virtual meeting of the Pension Advisory Board held at 9.30 am.

Present: Peter Scales (Chairman)

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

Officers in attendance: Rachel Wood (Pension Fund Strategist), Vickie Hampshire Finance Manager (Pension Fund – Governance), (Tara Atkins (Principal Pensions Consultant (Administration & Employers)), Adam Chisnall (Democratic Services Officer)

Part I

50. Declarations of Interests and Conflicts

50.1 None declared.

51. Part I Minutes of the last meeting

51.1 Resolved – That the minutes of the meeting of the Board held on 26 February 2021 be agreed as a correct record.

52. Progress Statement

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

52.2 Adam Chisnall introduced the report and confirmed that all actions had been completed.

52.3 The Board queried the Pensions Committee appointment for a Scheduled Body Representative. Adam Chisnall confirmed that an appointment had been made.

52.4 Resolved – That the Board noted the report.

53. Pensions Committee Minutes - Part I

53.1 The Board considered the confirmed Part I minutes from the 25 January 2021 Pensions Committee meeting; the Agenda from the 17 March 2021 Pensions Committee meeting; and a note from the Chairman summarising the Pensions Committee webcast from 17 March 2021 (copies appended to the signed minutes).

53.2 The Board noted the Pensions Committee's discussion on how the work of the Pension Advisory Board was valued.

53.3 Resolved – That the minutes and agenda be noted.

54. Business Plan Update

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

54.2 The Chairman introduced the report and explained that national issues were being monitored. Internal Audit elements had been included within the Pensions Committee section of the report and the full risk matrix had been included for consideration.

54.3 The Board made comments including those that follow.

- Highlighted that in Appendix A it should say 'Foreword' and not 'Forward'.
- Queried if virtual meetings would continue. - Adam Chisnall explained that the Government was being lobbied on this subject as the legislation to allow virtual meetings was coming to an end. The recent Full Council meeting had agreed contingency arrangements which would be utilised if virtual meetings were no longer viable. Adam Chisnall resolved to inform the Board when the situation was understood.
- Queried the total budget figures outlined in Appendix B. - Rachel Wood confirmed that the 2021/21 budget total should be £35,200.

54.4 Resolved – That the Board:

1. Agrees the performance information for inclusion in the pension fund annual report for 2020/21.
2. Agrees the draft Pension Advisory Board Business Plan for 2021/22 and that the Pensions and Governance Committees be informed accordingly.
3. Notes the Pensions Committee's business plan report.

55. Administration Performance Update

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

55.2 Tara Atkins introduced the report and highlighted that performance against the key casework items was at 100%. A breach had been reported to the Pensions Regulator concerning the production of Annual Benefit Statements in 2020. The Pensions Regulator had decided not to investigate the matter further. It was confirmed that no late contributions payments had been made repeatedly by employers, and those payments shown as late had now been received. The Scheme Changes reported had been considered by the Pensions Committee and attached for the Board's information.

55.3 Tara Atkins explained the complaints process and that all complaints were acknowledged in three working days and responded to within twenty days (although the expectation was to respond within ten days). Lessons were learned from the analysis of received complaints had been reflected in the report.

55.4 The Board made comments including those that follow.

- Queried if there was a specific area where active members had reduced. – Andrew Lowe, Head of Pensions, Investments and Borrowing, felt that the changes in figures were likely linked to the data improvement work where leaver records had been updated from active to deferred.
- Asked how employers were being encouraged to submit the McCloud data returns and if there was a trend for the lack of returns by employer type. 127 employers had returned this information and 85 were outstanding. Andrew Lowe confirmed that there was no trend for the lack of returns. Tara Atkins confirmed there was a plan in place to escalate the absence of a response. Payroll issues may impact responses (i.e. the availability of data) and so officers were seeking guidance from the Local Government Association (nationally).
- Noted that six complaints across the scheme was a good statistic.
- Sought clarity over the impact of McCloud disclosures. - Andrew Lowe commented there were no major concerns over this work.

55.5 Resolved – That the Board note the update.

56. Regulations and Guidance update

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

56.2 The Chairman introduced the report and summarised the outstanding issues.

56.3 The Board discussed the Pensions Regulator’s webinar on the Code of Practice that some members of the Board had attended. Members acknowledged that the Code was difficult to interpret for the Local Government Pension Scheme given that it covered all pension types.

56.4 Resolved – That the Board note the current issues relating to Scheme Regulations and Governance.

57. Communication Strategy

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

57.2 Tara Atkins introduced the report which set out the communications that had been sent out from the fund over the period. £95k cap information had been sent to employers and members. Information on McCloud had also been sent out.

57.3 Rachel Wood confirmed that the move towards electronic communications would give more flexibility on how information could be presented going forwards. Members would still retain the option for a hard copy on request.

57.4 The Board made comments including those that follow.

- Kim Martin confirmed that she had received information on the Employer Hub which had now been set up.

- The Board felt that the relevant information was included in the communications, and that feedback would be required to see if any changes were made. The Board noted that it was hard to encourage members to submit feedback.

57.5 Resolved – That the Board notes the schedule of communications drawn from the Communication Policy Statement.

58. Investment Strategy Statement Report

58.1 The Board received the Investment Strategy Statement Report from the 17 March 2021 Pensions Committee by the Director of Finance and Support Services (copy appended to the signed minutes).

58.2 Rachel Wood introduced the report and confirmed that it had been previously seen by the Board. Feedback on the document had been received as noted within the report, which had been reflected in the final version of the Statement. The Statement also reflected the current investment approaches that had been agreed by the Pensions Committee concerning equity allocations. It was confirmed that Listed Equity was 45% and Private Equity was 5%. The Statement had been published and was available to the public.

58.3 The Board made comments including those that follow.

- Sought clarity over the private equity allocations. – Rachel Wood confirmed that Private Equity was currently at 3% with an aim to increase to 5% following liquidity considerations for income exposure. It was confirmed that a long-term approach was taken for private equity, reflective of its illiquidity.
- Queried if private equity investments were in a pool. – Rachel Wood confirmed that private equity was invested via a fund manager as ACCESS did not have a solution at present.
- Noted the section on responsible investment and that the fund was moving in the right direction
- Welcomed the accessible wording of the Statement.

58.4 Resolved – That the Board approves the revised Investment Strategy Statement, reflecting amendments following the consultation with stakeholders.

59. Review of Pension Fund Policy Documents

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

59.2 Vickie Hampshire introduced the report and asked members to consider the list of policy documents and their review schedule at Appendix A.

59.3 Vickie Hampshire introduced the Privacy Notice which had last been reviewed by the Board in 2018. The Notice had been reviewed in line with the Information Commissioner Office guidance and was held on the County Council's webpage. A recent, minor change to the notice concerned data

sharing agreements which had been updated to reflect that they were not necessary and only held for some employers.

59.4 Tara Atkins introduced the Administration Strategy and confirmed that it had last been reviewed by the Board in 2019. The Strategy had recently been revised to reflect new Additional Voluntary Contribution provider arrangements (AVCs), and also to ensure it aligned with Hampshire Pension Scheme's Administration Strategy. The changes were small, such as updating details concerning payroll provider information, and had not led to any significant changes to the strategy.

59.5 The Chairman added that a fund having and maintaining an Administration Strategy was seen as good governance.

59.6 The Chairman noted that the Internal Dispute Resolution Procedure (IDRP) had been due to be reviewed at the Board meeting, however officers were reviewing the document and so it was not ready for consideration. The IDRP would come to the next Board meeting.

59.7 Resolved – That the Board notes the register of policy documents and the details of the policy documents presented at the meeting.

60. Training

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

60.2 Adam Chisnall introduced the report and encouraged Board members to complete the new Pension Regulator Toolkit module on Pension Scams. It was reported that The Chairman had completed the training after the agenda papers had been dispatched.

60.3 Adam Chisnall also informed the Board that induction sessions had been scheduled for the Pensions Committee following the upcoming elections. The sessions were scheduled for July and an invitation would be extended to Board members.

60.4 Vickie Hampshire informed the Board that the training schedule for the year was set out in the Pension Fund Business Plan. This would include sessions on employer risk and actuarial valuations which were important due to next year being a valuation year.

60.5 Richard Cohen confirmed that he had attended the AON training. – Adam Chisnall agreed to update the training log.

60.6 The Board queried where attendance had been marked on the log for future events. – Adam Chisnall confirmed that this represented where Board members had indicated an intention to attend an event. It was proposed that using an asterisk for intentions would avoid confusion.

60.7 Resolved – That Board members will continue to report progress on training.

61. Date of Next Meeting

61.1 The Board noted that its next scheduled meeting would take place on Monday 26 July 2021 at 9.30 a.m.

62. 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.

63. Part II Minutes of the last meeting

The Board agreed the Part II minutes of the 26 February 2021 meeting.

64. Pensions Committee Minutes – Part II

The Board noted the contents of Part II minutes from the meeting of the Pensions Committee held on 25 January 2021.

65. ACCESS Update

The Board considered the report by the Director of Finance and Support Services from the 17 March 2021 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 10.48 am

Chairman