

Pension Advisory Board

11 February 2022 – At a meeting of the Pension Advisory Board held at 9.30 am at Virtual meeting with restricted public access.

Present: Peter Scales (Chairman)

Richard Cohen, Miranda Kadwell, Kim Martin and Tim Stretton

Apologies were received from Becky Caney and Chris Scanes

Officers in attendance: Clare Williams (Deputy Director of Finance), Rachel Wood (Pension Fund Strategist), Vickie Hampshire (Finance Manager (Pension Fund – Governance)), Tara Atkins (Principal Pensions Consultant (Administration & Employers)), Adam Chisnall (Democratic Services Officer) and Andrew Lowe (Head of Pensions, Investments and Borrowing).

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 minutes of the meeting of the Board held on 15 November 2021 be approved as a correct record and signed by the Chairman.

34. Progress Statement

34.1 Resolved – That the Board notes that there are no outstanding issues.

35. Pensions Committee Minutes - Part I

35.1 The Board considered the confirmed Part I minutes from the 25 October 2021 Pensions Committee meeting and the Agenda from the 4 February 2022 Pensions Committee meeting (copies appended to the signed minutes).

35.2 The Chairman highlighted that Annual Benefit Statement Progress was almost at 100%. It was noted that cybercrime had been discussed at the Committee and was also referred to within the Business Plan update.

35.3 Resolved – That the minutes and agenda be noted.

36. Business Plan 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 Miranda Kadwell and Becky Caney's terms on the Board were due to end in November 2022. The Chairman had spoken with both members who were

willing to continue being representatives on the Board for another term. Virtual meetings were discussed and that there appeared to be less discussion than in person meetings. The situation would continue to be monitored in line with the County Council's pandemic response with regard to meeting arrangements.

36.3 Rachel Wood confirmed that cybercrime had been discussed at the Pensions Committee and that a report would be coming to their next meeting. This would then come to the following Board meeting.

36.4 The Chairman drew attention to the LGPS On-Line Learning Academy (LOLA) progress and reported that Miranda Kadwell had completed all modules since the publication of the agenda papers.

36.5 Resolved – That the Board:

1. Agrees the performance report for 2021/22 in Appendix A, and that the Pensions Committee and Governance Committee be informed.
2. Notes the Pensions Committee's business plan update report attached as Appendix B.
3. Notes the training log in Appendix C.

37. Administration procedures and performance

37.1 The Board received a report by the Director of Finance and Support Services that had been considered at the 4 February Pensions Committee meeting (copy appended to the signed minutes).

37.2 Tara Atkins introduced the report and highlighted that a new category of member had been included to cover preserved refunds for those who had left the service with more than three months service but less than two years of membership and had not transferred their holdings or requested a refund. Portal membership was being carefully monitored, particularly regarding pensioners, where the shift in approach by the Pension Fund would be to make documents digital by default for this membership group – although there would be the option to request hard copies.

37.3 The Board made comments including those that follow.

- Queried the number of members with preserved refunds was particularly high. – Andrew Lowe resolved to look into this and see how West Sussex's figures compared to other funds.
- Asked for details on the time limit to request a refund. – Tara Atkins confirmed that the current legislation was a five-year time limit.
- Noted the progress made with Annual Benefit Statements and queried if the incompleteness was a breach. – Tara Atkins confirmed this was a breach and would be reported to the Director of Finance and Support Services. The materiality was being considered to see if it would meet the Pension Regulator criteria for a breach and require reporting to them.

- Queried if the costs outlined in the report excluded investment costs. – Rachel Wood confirmed that the report excluded Governance and Investment costs and only covered administration.
- Noted that the average cost was lower than the LGPS average, but asked if anything could be done to have similar costs to the Hampshire Pension Fund. – Andrew Lowe felt the costs were as low as they could be and reflected that West Sussex had retained some functions which added to their costs. Rachel Wood added that the West Sussex costs also included the onboarding costs and data improvement activities.
- Sought an update on McCloud progress. – Andrew Lowe reported that there had been as much data collection activity as possible. There were still uncertainties to be resolved before the work could be completed.
- Noted that Hampshire Pension Services seemed to retain staff well.

37.4 Resolved – That the Board notes the update.

38. Communication Strategy

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

38.2 Tara Atkins introduced the report which set out the communication documents that had been updated in the last quarter. The Chairman confirmed that draft pensioner newsletters had been circulated to the Board and that they were happy with the contents.

38.3 The Board made comments including those that follow.

- Sought clarity on the impact of the changes in state pension age arrangements from 2016 concerning split increases. – Tara Atkins explained that was linked to Contracting Out arrangements that ended in April 2016.
- Queried if those who would be impacted by the changes were aware of the impact of the split increase change. – Tara Atkins confirmed that where someone in the fund was impacted, they would always receive a direct letter to explain the situation.

38.4 Resolved – That the Board notes the schedule of Communications drawn from the Communication Policy Statement and that the feedback provided on the pensioner newsletter and the Communication presented at the meeting is noted by officers.

39. Regulations and Governance update

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

39.2 The Chairman introduced the report and confirmed that he had circulated Bulletin 219. The Chairman discussed how CIPFA had stopped its Pensions Panel, but now the Scheme Advisory Board (SAB) had set up a Compliance and Reporting Committee which will be Chaired by a CIPFA

nominee. The Chairman felt it would be important to see how this would impact how regulations would be facilitated.

39.3 The Chairman highlighted that the SAB had updated their statement regarding the lack of Scheme Member representation on the ACCESS Joint Committee following a letter from ACCESS to explain the reasons for the decision.

39.4 Resolved – That the Board notes current issues relating to Scheme Regulations and Governance.

40. Review of Pension Fund Policy Documents

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

40.2 Vickie Hampshire introduced the report which considered two policies. The Governance Policy and Compliance Statement had been previously delayed due to the upcoming Good Governance review by the Scheme Advisory Board, however as there were a number of changes required to reflect the arrangements in West Sussex the policy had been updated prior to the conclusion of this review. It was therefore now being presented to the Board for their feedback.

40.3 The Chairman noted the Treasury Management policy and explained that this was not a regulatory requirement, but a CIPFA financial requirement. Vickie Hampshire added that the guidance showed a policy was required as a separate bank account was held.

40.4 The Board sought clarity on the monetary limits and queried if £5m was low. – Rachel Wood explained that there was an aim for the pension fund to hold minimum cash and so the limit was appropriate.

40.5 Resolved – That the Board notes the register of policy documents and the that the feedback provided on the presented policies is noted by officers.

41. Actuarial Update

41.1 The Board received a report by the Director of Finance and Support Services that had been considered at the 4 February Pensions Committee meeting (copy appended to the signed minutes).

41.2 Rachel Wood introduced the report and confirmed with the Board that they had been provided opportunity to watch a recording of the relevant section of the 4 February Pensions Committee concerning the Section 13 update from the Fund Actuary. The report showed that the fund was in a good place and was ensuring contribution stability.

41.3 The Board made comments including those that follow.

- Sought clarity over the use of the Government Actuary's Department (GAD) and SAB's basis for comparison. – Rachel Wood confirmed these were not used to calculate funding or contribution levels within the West Sussex Pension Fund, but were used to provide a like for like comparison.

- Queried the assumptions that had been used in the calculations for contribution rates and if they would likely be revised to reduce contribution rates. – Rachel Wood explained that the Fund Actuary would consider this as part of the valuation cycle. Prudence was considered to align with the long-term contribution strategy to ensure lower and stable rates.
- Asked if climate risks would be consistent for all funds. – Rachel Wood confirmed that GAD wanted consistency, but it was not clear how this would be applied across all funds and strategies.
- Queried the consistency of the funding plan. – Rachel Wood explained that the twenty-year funding plan would be at seventeen years at the next valuation. The fund actuary focussed on a long-term open pension fund.
- Sought clarity on the recommendation that the SAB should review asset transfer arrangements and if this would apply to West Sussex. – Rachel Wood explained that transfers out needed to pay reasonable amounts to hit this threshold. The fund sought advice from the Fund Actuary for transfers.
- Queried the appropriate distance with the actuary and how often they should be changed. – Rachel Wood confirmed that the Hymans Robertson was subject to review and that National guidance was sought for frequency.
- Discussed the onus for the Administration Authority to challenge actuary reports and asked how reports were checked for bias. – Rachel Wood explained that there was no independence checks but confirmed that reports were checked for conflicts. Hymans Robertson also submitted assurance reports.

41.4 Resolved – That the report be noted.

42. Date of Next Meeting

42.1 The Board noted that its next scheduled meeting would take place on Monday 16 May 2022 at 9.30 a.m.

43. 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.

44. Part II Minutes of the last meeting

The Board agreed the Part II minutes of the 15 November 2021 meeting and they were signed by the Chairman.

45. Pensions Committee Minutes – Part II

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

46. ACCESS Update

The Board considered the report by the Director of Finance and Support Services from the 4 February 2022 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

47. Extract of the Investment Strategy Implementation Report from Pension Committee meeting on 4 February 2022

The Board considered an extract from the Investment Strategy Implementation Report by the Director of Finance and Support Services from the 4 February 2022 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.05 am

Chairman