

Public Document Pack

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15 October 2021

Pensions Committee

A meeting of the Committee will be held at **10.00 am** on **Monday, 25 October 2021** at **County Hall, Chichester, PO19 1RQ**.

Note: In response to the continuing public health restrictions, there will be limited public access to the meeting. Public access to the Part I business on the agenda is by ticket only, bookable in advance via: democratic.services@westsussex.gov.uk.

Tony Kershaw
Director of Law and Assurance

Agenda

Part I

10.00 am 1. **Declarations of Interests**

Members and officers are invited to make any declaration of personal or prejudicial interests that they may have in relation to items on the agenda and are reminded to make any declarations at any stage during the meeting if it becomes apparent that this may be required when a particular item or issue is considered.

It is recorded in the register of interests that:

- Mr Donnelly is a Horsham District Councillor
- Cllr Elkins is a Member of Arun District Council
- Cllr Hunt is a Member of the Chichester Harbour Conservancy
- Cllr Jupp is a Member of Horsham District Council and has a daughter who works for Blackrock

These financial interests only need to be declared at the meeting if there is an agenda item to which they relate.

10.02 am 2. **Part I Minutes of the last meeting** (Pages 5 - 8)

The Committee is asked to agree the Part I minutes of the meeting of the Committee held on 21 July 2021 attached (cream paper).

- 10.04 am 3. **Urgent Matters**
- Items not on the agenda, which the Chairman of the meeting is of the opinion, should be considered as a matter of urgency by reason of special circumstances.
- 10.04 am 4. **Part II Matters**
- Members are asked to indicate at this stage if they wish the meeting to consider bringing into Part I any items on the Part II agenda.
- 10.05 am 5. **Pension Advisory Board Minutes - Part I**
- The Committee is asked to note the confirmed Part I minutes from the meeting of the Pension Advisory Board on 28 April 2021 and the agenda from the meeting of the Pension Advisory Board on 26 July 2021.
- (a) **28 April 2021 - Part I Pension Advisory Board Minutes**
(Pages 9 - 14)
- (b) **26 July 2021 - Pension Advisory Board Agenda** (Pages 15 - 18)
- 10.10 am 6. **Business Plan** (Pages 19 - 30)
- Report by the Director of Finance and Support Services.
- The Committee is asked to note the updates on Business Plan activities for 2021/22 and the risk matrix.
- 10.30 am 7. **Pension Administration** (Pages 31 - 44)
- Report by the Director of Finance and Support Services.
- The Committee is asked to note the update with particular attention to the work associated with the publication of Annual Benefit Statements and Pension Saving Statements to members.
- 10.50 am 8. **Date of the next meeting**
- The next meeting of the Pensions Committee will be 10.00 a.m. 4 February 2022 at County Hall.
- Part II**
- 10.50 am 9. **Exclusion of Press and Public**
- The Committee is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Part I of Schedule 12A of the Local Government Act 1972, as

indicated below, and because, 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.

- 10.50 am 10. **Part II Minutes of the last meeting** (Pages 45 - 50)
- To confirm the Part II minutes of the meeting of the Committee held on 21 July 2021, for members of the Committee only (yellow paper).
- 10.55 am 11. **Pension Advisory Board Minutes - Part II** (Pages 51 - 52)
- The Committee is asked to note the confirmed Part II minutes from the meeting of the Pension Advisory Board on 28 April 2021 (yellow paper).
- 11.00 am 12. **Investment Strategy Implementation** (Pages 53 - 68)
- Report by the Director of Finance and Support Services attached for members of the Committee only (yellow paper).
- The Committee is asked to consider the recommendations within the report.
- 11.40 am 13. **Update from ACCESS Joint Committee activity (6 September 2021)** (Pages 69 - 78)
- Report by the Director of Finance and Support Services attached for members of the Committee only (yellow paper).
- The Committee is asked to consider the recommendations within the report.
- 11.55 am 14. **Review of Pension Investment Performance** (To Follow)
- Paper by the Director of Finance and Support Services and Independent Fund Adviser summarising transactions and performance during the quarter and giving comments on the quarter, for members of the Committee only (yellow paper).
- Break for the Committee**
- 1.15 pm 15. **Presentation by Baillie Gifford**
- The Committee to receive a presentation on portfolio performance over the period and on Baillie Gifford's investment style, investment processes and stewardship approach.

To all members of the Pensions Committee

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Pensions Committee

21 July 2021 – At a meeting of the Pensions Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Hunt (Chairman)

Cllr Baxter, Cllr Condie, Cllr J Dennis, Cllr Elkins, Cllr Urquhart, Mr Kipling and Ms Taylor

Apologies were received from Cllr N Jupp and Mr Donnelly

Part I

1. Membership

1.1 The Committee noted the County Council Member appointments to the Committee as confirmed at the County Council meeting on 21 May 2021.

2. Declarations of Interests

2.1 Cllr Elkins reported that he was no longer on the Littlehampton Harbour Board and asked for this to be updated on future agendas.

2.2 No declarations were made.

3. Part I Minutes of the last meeting

3.1 Resolved – That the Part I minutes of the Pensions Committee held on 17 March 2021 be approved as a correct record, and that they be signed by the Chairman.

4. Pensions Committee Terms of Reference

4.1 Resolved – That the Committee noted its terms of reference.

5. Pension Advisory Board Minutes - Part I

5.1 The Committee considered the confirmed Part I minutes from the 26 February 2021 Pension Advisory Board meeting; and the Agenda from the 28 April 2021 meeting (copies appended to the signed minutes).

5.2 Resolved – That the minutes and agenda be noted.

6. Pension Fund Annual Report

6.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

6.2 Katharine Eberhart, Director of Finance and Support Services, introduced the report and confirmed that as of 31 March 2021 the fund was 123% funded which was a strong position. Officers were working with employers to improve timely reporting.

6.3 The Committee made comments including those that follow.

- Welcomed the addition of a summary page to the annual report.

- Queried if greenhouse emission data could be added to show the direction of travel for the fund. – Rachel Wood, Pension Fund Strategist, explained that carbon reporting was a developing area and that Ministry of Housing, Communities & Local Government (MHCLG) was due to advise on expectations. This would influence next year's report. The Committee felt that fund managers should be asked to report on this as it would be useful to monitor.
- Asked if the Private Debt was considered a material issue in the audit. – Rachel Wood confirmed that it was not material, it was a timing issue in the provision of reports, which was consistent with industry practice.

6.4 Resolved – that the Committee approves the draft annual report.

7. Business Plan

7.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

7.2 Rachel Wood introduced the report and highlighted that the training strategy was included as an appendix. The Hymans LGPS Online Learning Academy (LOLA) was highlighted, for which Committee members were required to complete by October.

7.3 The Committee made comments including those that follow.

- Queried the risk for work priorities due to vacancies. – Rachel Wood confirmed that the recruitment was scheduled for October/November and that the following the change in fund administration it was a good time to review the team.
- Asked about the deadlines for McCloud. – Rachel Wood reported that there was a two/three year deadline. Data collection work was ongoing and that clarity was being sought from MHCLG on process.
- Sought clarity on training recommendations. – Rachel Wood explained that agenda items now included reference to the relevant training on the Hymans LGPS Online Learning Academy (LOLA). The Committee members were required to complete all Hymans LGPS Online Learning Academy (LOLA) modules by October.
- Queried if completion of the Pensions Regulator training programme was required. – Rachel Wood reported that discussions were taking place with Hymans Robertson to see if their Online Learning Academy completion was sufficient for the Committee. It was confirmed that the Pensions Advisory Board were required to complete both.

7.4 Resolved – that The Committee notes the updates on Business Plan activities for 2021/22; agrees the Training Strategy as set out in Appendix A; and notes the risk matrix for the Fund as set out in Appendix B.

8. Pension Administration Performance

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

8.2 Katharine Eberhart introduced the report and confirmed that all employers had completed their annual returns. Work was continuing with McCloud and officers were awaiting receipt of statutory regulations to proceed. There had been no breaches requiring reporting to the Regulator.

8.3 The Committee made comments including those that follow.

- The Chairman reported that the Pension Advisory Board had requested that future reports include resolution outcomes and compliments received. – Rachel Wood confirmed this would be reflected.
- The Committee praised the performance of Hampshire Pension Services, particularly during the pandemic.
- Queried progress on the data improvement plan. – Rachel Wood confirmed that the current focus was on historic leaver forms which would be completed in October. The data improvement would then move into business as usual cleansing.
- Sought clarity on the Service Level Agreement (SLA) targets and if they were set at an appropriate level. – The Chairman reported that when the administration was transferred to Hampshire Pension Service the standard SLAs were used. The Committee had previously looked at the SLA levels and felt it was important to have realistic and acceptable targets. Rachel Wood added that officers were looking into benchmarks to see how the administration performance compared to others. Analysis on this could be provided when the work was complete. It was confirmed that in most cases that SLA targets were completed under the target threshold.
- Sought clarity on McCloud work and if return issues were linked to particular type of employer. – Rachel Wood confirmed that it was a range of employers and that individual conversations would be taking place to help with any difficulties.
- Queried if late payments were linked to a particular type of employer. – Rachel Wood confirmed that it was not a systemic issue.

8.4 Resolved – that the Committee notes the update with particular attention to the work associated with end of year returns and the publication of Annual Benefit Statements to members. The Committee also notes the approach agreed by the Director of Finance and Support Services in relation to receipt of a Voluntary Scheme Pays election.

9. Date of the next meeting

8.1 The Committee noted that its next scheduled meeting would take place on 25 October 2021 at County Hall, Chichester.

10. 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.

11. Part II Minutes of the last meeting

The Committee agreed the Part II minutes of the Pensions Committee held on 17 March 2021.

12. Pension Advisory Board Minutes - Part II

The Committee noted the contents of the Part II minutes from the 26 February 2021 Pension Advisory Board meeting.

13. Investment Strategy Implementation

The Committee considered a report by the Director of Finance and Support Services.

The Committee considered the report and noted its contents.

14. ACCESS

The Committee considered a report by the Director of Finance and Support Services.

The Committee considered the report and noted its contents.

15. Review of Pension Investment Performance

The Committee considered a paper by the Director of Finance and Support Services and the Independent Adviser relating to the quarterly performance reports from the fund managers.

The Committee welcomed the advice.

16. Presentation by Fund Manager

The Committee received an update from a fund manager on the portfolio performance for the quarter.

17. Presentation by Fund Manager

The Committee received an update from a fund manager on the portfolio performance for the quarter.

The meeting ended at 2.35 pm

Chairman

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.

55.1 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

Tony Kershaw
Director of Law and Assurance

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16 July 2021

Pension Advisory Board

A virtual meeting of the Committee will be held at **9.30 am on Monday, 26 July 2021.**

Note: In response to the continuing public health restrictions, this meeting will be held virtually with members in remote attendance. Public access is via webcasting.

Items 1 to 13 in Part I of the agenda will be available to watch via the internet at the address below. Items 14 to 17 in Part II of the agenda contain exempt information, as indicated, and therefore will not be broadcast.

<http://www.westsussex.public-i.tv/core/portal/home>

Tony Kershaw
Director of Law and Assurance

Agenda

Part I

1. Declarations of Interests and Conflicts

Members and officers must declare any pecuniary or personal interest, or any potential conflicts of interest in any business on the agenda. They should also make declarations at any stage such an interest becomes apparent during the meeting. Consideration should be given to leaving the meeting if the nature of the interest warrants it. If in doubt, contact Democratic Services before the meeting.

2. Part I Minutes of the last meeting (Pages 5 - 10)

To confirm the part I minutes of the meeting of the Board held on 28 April 2021.

3. Urgent Matters

Items not on the agenda, which the Chairman of the meeting is of the opinion, should be considered as a matter of urgency by reason of special circumstances.

4. **Part II Matters**

Members are asked to indicate at this stage if they wish the meeting to consider bringing into Part I any items on the Part II agenda.

5. **Progress Statement**

There are no outstanding issues for consideration.

6. **Pension Advisory Board Terms of Reference** (Pages 11 - 18)

The Board is asked to note its terms of reference.

7. **Pensions Committee Minutes - Part I**

The Board is asked to note the unconfirmed Part I minutes from the meeting of the Pensions Committee on 17 March 2021 and the agenda from the meeting of the Pensions Committee on 21 July 2021.

(a) **17 March 2021 - Part I Pensions Committee Minutes** (Pages 19 - 24)

(b) **21 July 2021 - Pensions Committee Agenda** (Pages 25 - 28)

8. **Business Plan Update** (Pages 29 - 66)

Report by the Chairman of the Pension Advisory Board.

The Board is asked to note the updates to the Business Plans of the Board and of the Pensions Committee.

9. **Administration procedures and performance** (Pages 67 - 78)

The Board is asked to consider the Administration Report from the 21 July 2021 Pensions Committee by the Director of Finance and Support Services.

10. **Communication Strategy** (Pages 79 - 84)

Report by Director of Finance and Support Services.

The Board is asked to note the schedule of Communications drawn from the Communication Policy Statement and provide feedback on the Communications presented at the meeting.

11. **Regulations and Governance Update** (Pages 85 - 92)

Report by the Chairman of the Pension Advisory Board.

The Board is asked to note the current issues relating to Scheme Regulations and Governance.

12. **Review of Pension Fund Policy Documents** (Pages 93 - 148)

Report by Director of Finance and Support Services.

The Board is asked to note the register of policy documents and provide feedback on the policies presented at the meeting.

13. **Date of Next Meeting**

The next meeting of the Board will be held at 9.30 am on Monday 15 November 2021.

Part II

14. **Exclusion of Press and Public**

The Board is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Part I of Schedule 12A of the Local Government Act 1972, as indicated below, and because, 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.

Exempt: paragraph 3, financial or business affairs of any person (including the authority).

15. **Part II Minutes of the last meeting** (Pages 149 - 150)

To confirm the part II minutes of the meeting of the Board held on 28 April 2021.

16. **Pensions Committee Minutes – Part II** (Pages 151 - 156)

The Board is asked to note the unconfirmed Part II minutes from the meeting of the Pensions Committee on 17 March 2021 (yellow paper).

17. **ACCESS Update** (Pages 157 - 160)

The Board is asked to consider the following report which went to the Pensions Committee on 21 July 2021.

Report by the Director of Finance and Support Services attached for members of the Board only (yellow paper).

To all members of the Pension Advisory Board

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Key decision: Not applicable**Unrestricted**

Pensions Committee**25 October 2021****Business Plan****Report by Director of Finance and Support Services**

Summary

The Pensions Committee approved its Business Plan for 2021/22 in March 2021, setting out the aims and objectives of the fund over the coming year, its core work and how the objectives will be achieved. The following are noted as updates:

- Work continues implementing the investment strategy.
- 100% of deferred and 98% of active Annual Benefit Statements were published by the statutory deadline, reflecting continued improvements in service.
- Work on collecting data from employers to implement changes required because of the McCloud judgement continue - 186 of 212 completed service/break data sets have been received. Engagement with employers who have not provided returns continues.
- The Pension Fund's accounts were considered by the [Regulation and Audit Committee on 16 September 2021](#) at which EY advised that in their opinion the statements give a true and fair view of the fund's financial transactions, assets and liabilities as at 31 March 2021. The Pension Fund accounts will be signed once the County Council Accounts have been finalised.

In terms of risk:

- Two risks themes (contract management and knowledge and understanding) have increased from green to amber reflecting experience since the last meeting.
- One risk has increased from amber to red (cyber-crime) following the categorisation of the same risk within the County Council risk register and indicating the Fund's reliance on the County Council IT system.

Recommendations

- (1) To note the updates on Business Plan activities for 2021/22 and the risk matrix (Appendix A).
-

1 Background

- 1.1 The Pensions Committee maintains a Business Plan which sets out its key priorities. The Pensions Committee's approach, historically, has been to review

its business plan in full annually at the start of the year and consider updates during the year. The 2021/22 Business Plan was agreed in March 2021. This sets out the aims and objectives of the fund over the coming year, how the objectives will be achieved, and the risks faced by the Fund.

- 1.2 This quarterly report provides an update on any emerging key business issues, any issue with the highest levels of risk identified, or any other matter the Director of Finance and Support Services wishes to bring to the attention of the Committee. The report is also shared with the Pension Advisory Board.

2 Update on Business Plan Items

- 2.1 An update has been provided below:

2021/22 Actions	30 September 2021 Update
<p>Investment Strategy Statement: Implement strategy and develop reporting and monitoring framework.</p>	<p>A detailed report has been provided to the Committee on the progress to implement its new investment arrangements and to provide additional information on the implementation of its approach to Environmental, Social and Governance matters. .</p>
<p>Changes required as a result of the McCloud judgement: Receive and validate data from employers in order to update the records of affected members whilst keeping key stakeholders informed and managing the risks inherent in a large project.</p> <p>Recalculations and possible restitution will form the next phase of the work.</p>	<p>186 of 212 completed service/break data sets from West Sussex employers have been received (representing 86% of the population who are likely to need remedy). All the initial data checks have been completed and queries sent to employers and the employers who have not yet returned their service/break data sets are being contacted on a weekly basis. A list of employers where the team have concerns about their ability to provide the data required will be provided for an escalation of the engagement.</p>
<p>2022 Valuation preparation: Work with advisers to integrate employer risk framework into the 2022 valuation and future monitoring arrangements.</p>	<p>A project planning meeting has been planned for December 2021 with all parties. It is anticipated that employer meetings will be held by March 2022.</p>
<p>Communications: Develop an approach to support the Communication Strategy which considers the communications documents published for stakeholders to support the understanding of the management of the Scheme and benefits provided.</p>	<p>Officers are working with Hampshire Pension Services to review employer communications, focusing on two areas, Pension Matters and the Employer section of the website. Proposed improvements will be worked on over the next six months.</p>

2021/22 Actions	30 September 2021 Update
<p>Data: Undertake further work to identify data improvement requirements ahead of the 2022 Actuarial Valuation and support wider service improvements such as self-service and the Data Dashboard.</p>	<p>The team have published 100% of deferred and 98% of active Annual Benefit Statements (compared to the previous year 100% deferred and 95% active statements). This reflects a significant reduction in the number of data queries raised with employers during the end of year process (2021: 1,210 / 2020: 3,881 / 2019: 7,254).</p> <p>The team continue to work through outstanding historic leaver cases. The anticipated completion date has been moved to 31 December 2021, previously 31 October 2021.</p> <p>Preparation for and the 2022 Valuation will be critical to provide assurance on the completeness of this work. Data improvement work will then be considered as a Business-as-Usual activity with projects scoped as appropriate.</p>
<p>Robust Accounting: Complete the Pension Fund's Statement of Accounts by the statutory deadline and work with the external auditors on their review.</p>	<p>The Draft Statement of Accounts were provided to the Fund's auditors, EY, on 18 June 2021. The audit is now complete. The accounts were considered by the Regulation and Audit Committee on 16 September 2021 at which EY advised that in their opinion the pension fund financial statements give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March 2021 and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. The Pension Fund accounts will be signed once the County Council Accounts have been finalised.</p>
<p>Annual Report: The Report will be considered by the Pensions Committee at their meeting on 21 July 2021 and by the Pension Board on 26 July 2021.</p>	<p>The Annual Report was provided to the Committee for their comments and approval in July. It will be published once the Statement of Accounts have been signed off.</p>

2021/22 Actions	30 September 2021 Update
Accounting System: Officers will continue to work with the project team to ensure the accounting system is implemented.	Officers continue to engage on the implementation project.

3 Update on Training

- 3.1 A Training Strategy has been established to aid the Pension Committee and Pension Advisory Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. The Constitution sets out that members of the Pensions Committee are required to acquire and maintain an appropriate level of expertise, knowledge and skills as set out by CIPFA in order to remain members of the Committee.
- 3.2 The Fund has purchased access to the Hymans LGPS Online Learning Academy (LOLA) for all Members of the Pension Committee, members of the Pension Advisory Board and officers. All members of the Committee and Board have been asked to complete the LOLA training before the October Committee meeting or November Advisory Board meeting as a baseline and reference to appropriate training has been included within the main agenda papers. The below shows modules completed up to 11 October 2021:

Module	Intro (1)	Govern. (2)	Admin (3)	Funding (4)	Invest. (5)	Current Issues (6)
Cllr Condie	Complete	Complete	Complete	Complete	Complete	Complete
Cllr Dennis						
Cllr Donnelly	In Progress					
Cllr Elkins	Complete	In Progress	In Progress	In Progress	In Progress	In Progress
Cllr Hunt	Complete	In Progress				
Cllr Jupp						
Mr. Kipling	Complete	Complete	Complete	Complete	Complete	Complete
Ms. Taylor						In Progress

Module	Intro (1)	Govern. (2)	Admin (3)	Funding (4)	Invest. (5)	Current Issues (6)
Cllr Turley						
Cllr Urquhart	Complete	Complete	Complete	Complete	Complete	In Progress

Note: Complete indicates that each subject within the module has been accessed and the assessment has been completed. In progress indicates that some or all the materials within the module have been accessed but the assessment is not yet complete. No entry indicates that the materials within the module have not yet been accessed.

- 3.3 Four members of the Committee have completed three of the LGA Fundamentals courses.
- 3.4 Five members of the Committee have attended at least one external webinar or conference this year.
- 3.5 Pension Advisory Board members completed all Pension Regulator's Toolkit modules. Although this is a requirement for Board members, it is desirable that Committee members also complete the Toolkit to maintain parity with the level of training of the Board.
- 3.6 Key additional training for the Committee have been summarised below.

Internal

- October 2021 – Completion of LOLA modules
- November/December 2021 – The Actuarial Valuation process
- January 2022 – Employer Risk / Employer Management

External

- 12th October 2021 – LGA Fundamentals I (London or Virtual)
- 9th November 2021 – LGA Fundamentals II (London or Virtual)
- 2nd December 2021 – LGA Fundamentals III (London or Virtual)
- 18th November 2021 – SPS Local Authority Pension Funds Sustainable Investment Strategies (London)

4 Update on Risks faced by the Fund

- 4.1 A full risk register was provided to the Pensions Committee in March 2021. The update on risks by theme are attached (Appendix A). The following are highlighted:
- a) Risk Theme 9 (Failure to secure value for money through managing contracts with third parties) has increased from green to amber due to the increasing reliance on one contract with regards to investment management and there is limited provision to influence active management of this contract. Officers are actively working to put appropriate procedures in place to improve the situation.
 - b) Risk Theme 5 (Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the Business Plan) has been moved from an amber risk to green due to the temporary resource put in place to manage an internal vacancy and the adjustments to processes to ensure that vacancies within the wider finance team do not adversely impact reporting to the Actuary or Custodian or the reconciliation of contributions.
 - c) Risk Theme 12 (Cybercrime resulting in personal data for members being accessed fraudulently) has increased from amber to red to reflect the assessment of the risk on the County Council risk register and indicating the Fund's reliance on the County Council IT system.
 - d) Risk Theme 7 (Officer, Committee and Board knowledge and understanding resulting in poor decision making and disengagement on key issues) has increased from green to amber reflecting the limited amount of training undertaken up to mid-October. The Fund needs to be able to evidence the training undertaken to ensure continued 'Professional Investor' status as required under MiFID II and to comply with the Knowledge and Skill requirements as set out by CIPFA.

5 Update on Audit and Controls

- 5.1 Internal audit work should ensure that adequate internal controls are in place and operate effectively. To supplement its own audit framework the County Council receives internal audit reports from its administration provider, Hampshire County Council.
- 5.2 The County Council's internal audit team are undertaking a mapping exercise to determine further areas of audit focus (e.g., accounting for pension payroll, recoveries and contribution receipts, employer assets and cashflows, governance and investments). Audit work completed and planned for the year has been summarised on the following page:

Key area	Update
<p>Pensions, payroll and benefit calculations: Annual review to provide assurance that systems and controls ensure that lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; all changes to on-going pensions are accurate and timely; and pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies.</p>	<p>Audit work completed for 2020/21 providing a “substantial assurance” opinion. This reflects the sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. There were no suggested areas for improvement recommended.</p> <p>The audit for 2021/22 will be underway by 31 December 2021.</p>
<p>Pension Starters: Review of the control framework to support appropriate, complete, and prompt admission of new starters to the various pension schemes administered by Hampshire Pension Services (HPS).</p>	<p>The team have held the close of audit meeting and the final report is expected shortly. There were no matters of consequence raised in the close meeting.</p>
<p>National Fraud Initiative: Full exercise undertaken October 2020 and completed within 6 months and to be undertaken again in October 2022.</p>	<p>The Cabinet Office’s National Fraud Initiative ran in October 2020. This project provides potential inappropriate payment because of a member being deceased. Of the 199 cases identified from this exercise the pensions administration team had suspended all pensions payments and so no overpayments had occurred.</p>

6 Consultation, engagement and advice

N/A

7 Finance

An allowance for the Fund’s administration expenses is included within employer contribution rates.

8 Risk implications and mitigations

N/A

9 Policy alignment and compliance

N/A

Katharine Eberhart

Director of Finance and Support Services

Agenda Item 6

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Appendices

Appendix A – Risk Themes

Background papers

N/A

Recommended Training

Hymans LGPS Online Learning Academy – Module 2 – Business Planning

Ref	Risk Theme	Action	Jul-21	Oct-21
RT1	Increased likelihood of employer insolvency/restructuring impacting on the Fund cashflows in via contributions and out via benefits paid/early retirement lump sums and death benefits, resulting in the Fund becoming cash flow negative earlier than expected. Also, risk of employers not being able to meet liabilities at exit.	<p>Communication with employers to ensure they are aware of Deferral of Employer Contributions policy and to invite early discussion with regards to any workforce changes. Communication with ceding employers to understand the impact and support being provided to pass through employers.</p> <p>Review employer covenant and take appropriate action.</p> <p><i>Cashflow monitor and projections implemented and reviewed on a monthly basis.</i></p> <p><i>Investments made into income generating assets.</i></p>	Amber	Amber
RT2	Remote working results in increased governance pressure within the Fund, Council and partner organisations.	<p>Discuss governance arrangements with partner organisations to ensure they meet expectations and requirements.</p> <p>Impact of restrictions on all processes and staff availability including third parties continues to be assessed and reviewed.</p> <p>Review of Scheme of Delegation concluded and changes approved by Governance Committee.</p> <p><i>Review of Onward Scheme of Delegation underway and awaiting further guidance from Scheme Advisory Board.</i></p>	Green	Green
RT3	Political and/or employer pressure results in change to investment strategy due to ESG factors resulting in the Fund being required to restrict Fund Manager investments and/or the Fund being challenged on fiduciary duty.	<p>Ensure active engagement by Fund Managers with companies in all areas.</p> <p>Regular dialogue with Fund Managers regarding reasoning behind the stock being held.</p> <p>Keep up to date with Scheme Advisory Board and Government guidance.</p> <p>Engagement with employers to inform them of the Fund approach to ESG and RI and to enable them to respond to any queries.</p> <p>Updated ISS approved and published.</p> <p>Review of communication with stakeholders regarding Fund ESG approach.</p> <p>Consultation due from DLUHC with regards to responsible investment.</p> <p><i>Taskforce for Climate-related Financial Disclosure (TCFD) consultation due shortly which will impact on actions taken and additional reporting requirements for Committee.</i></p>	Amber	Amber

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Appendix A

Ref	Risk Theme	Action	Jul-21	Oct-21
RT4	Insufficient funds to meet liabilities resulting in increased contributions required from employers or changing to a higher risk investment strategy	<p>Prudent assumptions adopted by the Fund Actuary. Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement. Regularly review investment performance and funding levels. Monitor and review the cash flow of the Fund.</p> <p><i>First exit credit determinations being consulted on. Building case precedent. Admission process amended to reflect exit credit policy.</i></p>	Green	Green
RT5	Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the Business Plan.	<p>Develop and monitor Business Plan on a regular basis. Ensure service contracts are clearly specified and obligations met. Implement appropriate remote working to ensure business continuity and review third party business continuity plans.</p> <p><i>Current vacancy being managed within the team through a temporary appointment. Steps taken to deal with wider finance vacancies to avoid impact on reporting to Custodian and Actuary.</i></p>	Amber	Green
RT6	Poor quality data resulting in error and misstatement.	<p>Implement and monitor the Data Improvement Plan to completion. Work proactively with administration team and employers as part of the end of year process. Maintain robust accounting records. Data improvement plan largely completed.</p> <p><i>Risk status to be reviewed following full Actuarial Valuation.</i></p>	Amber	Amber

Ref	Risk Theme	Action	Jul-21	Oct-21
RT7	Officer, Committee and Board knowledge and understanding resulting in poor decision making and disengagement on key issues.	<p>Develop, implement and monitor a Training Strategy. Work with external organisations to understand how training is going to be delivered in current circumstances and communicate with Committee and Board members. Training plan for the year included in 21/22 Business Plan. Induction training for Committee and Board members completed.</p> <p><i>Training strategy approved by Pensions Committee in July 21. LGPS online learning academy (LOLA) to be completed by all Committee and Board members and all officers by October 2021. Not all training completed.</i></p>	Green	Amber
RT8	The introduction of asset pooling impacts on the Fund's ability to implement its investment strategy successfully or the Administering Authority is considered to not comply with the relevant statutory guidance.	<p>Continued strong involvement in the work of the ACCESS Group at officer and at Fund Chairman level. Working closely with the Access Support Unit and Operator in respect of future requirements.</p> <p><i>54% of Fund invested in ACCESS. All equities and bonds to be in pool by end of financial year.</i></p>	Amber	Amber
RT9	Failure to secure value for money through managing contracts with third parties	<p>Strong contract management. Compliance with procurement requirement and standing orders for provision of services to the Fund.</p> <p><i>More reliance on one contract with limited ability to influence contract management.</i></p>	Green	Amber
RT10	Political environment (locally or nationally) impact on investment markets and legislative requirements.	<p>Work closely with investment managers, other suppliers and advisers to understand potential impacts and responses. Implement and monitor the Training Strategy.</p> <p><i>See update on RT3</i></p>	Amber	Amber
RT11	Conflict of interest for members and employers	<p>Clearly defined roles and responsibilities for those working for the Pension Fund. Maintenance of Conflict of Interest policy and register by the County Council. Specific Pension Fund Conflict of Interest Policy being developed following Good Governance project recommendations.</p>	Green	Green

Ref	Risk Theme	Action	Jul-21	Oct-21
RT12	Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations.	<p>Guidance published and reviewed relating to the Scheme requirements. Proactive engagement with employers. Development of employer risk framework to monitor and take steps to mitigate risk presented to the Fund in respect of participating employer liabilities.</p> <p><i>Admission agreements to be reviewed. Merger of large employers within the Fund upcoming which will be complex regarding data.</i></p>	Amber	Amber
RT13	Cyber crime resulting in personal data for members being accessed fraudulently.	<p>Strong IT environment for administration system and web-based Portals. Officers are taking appropriate advice in considering how risk can be managed/mitigated. Officers working with partners to codify arrangements.</p> <p><i>Officers are undertaking a 'Cyber Audit' to understand current position and what actions need to be taken to protect information further. Liaising with internal IT team to understand WSCC position.</i></p>	Amber	Red
RT14	Fund not able to implement changes required as a result of McCloud judgement due to insufficient resources or incomplete information held by employers	<p>The Fund has contacted all employers to update them on the information required and timescales for the McCloud data capture and is engaged with the administration software providers on the changes required to support the project. A project plan and project manager has been put in place by the administration team and recruitment is underway to ensure that the team are sufficiently resourced. The team continue to engage with the LGA and SAB to keep up to date with developments and best practice guidance. Team is working with employers where data has not been provided. Regulations and guidance is pending from Government.</p>	Amber	Amber

Key decision: Not applicable**Unrestricted**

Pensions Committee**25 October 2021****Pension Administration****Report by Director of Finance and Support Services**

Summary

As of 30 September 2021, the Scheme had 81,856 members.

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. 100% compliance with key performance indicators has continued.

The Data Improvement Plan was closed with effect from 31 March 2021. The remaining historic leaver forms continue to be worked on and tracked each month. The completion of this work has been impacted due to staff changes. It is anticipated that it will complete by 31 December 2021.

In terms of key projects with the team, as of 30 September 2021,

- 100% of deferred member and 98.9% active member annual benefit statements had been produced by the team in compliance with the statutory deadline of 31 August.
- As of 30 September 2021, 186 of 212 data sets have been received to assist the team in completing updating membership records following the McCloud judgement.
- Following receipt of the annual returns, 1,210 data queries were raised. In line with last year, the team reviewed employer performance during the annual return process for timeliness, financial control, and data quality. No employers were rated red by the administration team across all categories. 87 employers were green across all categories.

Recommendations

- (1) The update is noted with particular attention to the work associated with the publication of Annual Benefit Statements and Pension Saving Statements to members.
-

Proposal

1 Background and context

- 1.1 Hampshire County Council provides the Pension Administration Service for West Sussex County Council. The administration team are based in Winchester and the West Sussex Pensions Team works closely with Hampshire County Council.
- 1.2 The Pensions Committee has a key objective within its Business Plan to build on the improvement journey in relation to the administration and to deliver a high-quality administration service to all stakeholders with processes and procedures to ensure that the Fund receives all income due and payments are made to the right people at the right time with clear communication and robust accounting and reports.
- 1.3 On 30 September 2021 the Scheme had 81,856 members as analysed below.

	30/06	30/09	Movement
Active	26,118	25,696	-1.6% (422)
Deferred	32,710	33,497	+2.4% (787)
Pensioner	22,427	22,663	+1.1% (236)
Total	81,255	81,856	+0.7% (601)

- 1.4 The administration team onboarded the pension administration for all members of the London Borough of Hillingdon Pension Fund, on 27 September 2021. They will onboard London Borough of Westminster on 8 November 2021. The administration team have recruited additional staff to cover the increase in work and have provided assurance that this will not impact the level of service that is provided to the West Sussex Pension Fund.

2 Administration Performance – Business as Usual Activity

- 2.1 The Administration Strategy sets out performance expectations for employers and the Administering Authority. The current performance of the Administering Authority against the service standards for key processes are summarised below and shown in detail in Appendix A. With some exceptions the expectation is that most cases work is completed within 15 working days of receipt of accurate details.

Case Type	Quarter	Quarter	12 Month	12 Month
	Total Cases	Completed on Time (%)	Total Cases	Completed on Time (%)
Active Retirement	147	100%	495	100%
Deferred Retirement	185	100%	644	100%
Estimates	663	100%	1,553	100%
Deferred Benefits	964	100%	3,109	100%
Transfers In/Out	37	100%	136	100%
Divorce	34	100%	150	100%
Refunds	127	100%	473	100%
Rejoiners	42	100%	271	100%
Interfunds	71	100%	283	100%
Death Benefits	100	100%	463	100%
Total	2,370		7,577	

- 2.2 For the last 20 months, the administration team have maintained 100% completion to the required performance levels in all areas.
- 2.3 The main Data Improvement Plan was closed with effect from 31 March 2021 following work on issues identified by the administration team following transfer. The remaining historic leaver forms continue to be worked on and tracked each month. As of 30 September, there are 601 historic leaver forms left to process. Resourcing has impacted the completion of this work by the original planned date of 31 October 2021. It is now anticipated that most of the work will be completed by 31 December 2021, when the residual cases will then be passed back to a Business as Usual (BAU) activity.

Contribution Receipt

- 2.4 All LGPS contributions are expected to be received by the Fund on the 22nd of each month following deduction. Most employers have adhered to this requirement. A clear escalation procedure is in place if an employer has consistently made late payments or not provided the relevant paperwork. The contribution monitor is included at Appendix B.

Promotion of Portal

- 2.5 LGPS members can register for a pensions account on the member portal so that they can see their Annual Benefit Statement online and access and update their personal details. It is now mandatory for an employer to provide an email address for all new joiners as part of the new starter notification process and the member portal is promoted in all letters to deferred members and promoted

as part of the Annual Benefit Statement process. Pensioner members can also view their payslips and P60s through their portal access. The member portal is promoted in all retirement letters and through the pensioner newsletter.

- 2.6 Since the Committee last met, officers have been made aware that the member portal registrations figures that have been being reported were inaccurate as the figures did not recognise members who have left the Scheme. The table below reflects the corrected figures and continues to show an increase in members registering on the portal.

Status	30 April 2021	30 June 2021	30 September 2021	% of population registered
Active	9,133	9,504	9,867	38.4%
Deferred	7,500	7,908	8,544	25.5%
Pensioner	3,616	4,083	4,519	20.0%
Total	20,249	21,495	22,930	28.0%

- 2.7 Employers can also register for access to a portal which allows them to submit data (including new starters and leavers) and run their own estimates for early retirements. The portal also includes validations prior to data being submitted to the administration team. It is anticipated that using the portal will streamline notifications from employers, improving consistency, accuracy, and compliance – and therefore improving the quality of data held by the Scheme. The table below summarises the registrations on the portal. The employers who are not currently registered are those with a low number of members.

Status	13 October 2021	% of active membership coverage
Employers with >1,001 members	2	57.99%
Employers with 11-1,000 members	98	37.83%
Employers with <10 members	36	0.61%
Total	136	96.43%

3 Administration Performance – Project Work

Annual Benefit Statements

- 3.1 As at the 31 August deadline, 100% of deferred annual benefit statements and 98.9% of active annual benefit statements have been produced, as summarised below. Whilst some employers had notified members of the benefit statements being available, a wider communication from the team was sent on 30 September.

	Deferred No.	Active No.
2021		
Statements Required	31,966	26,764
Statements Produced	31,966	26,466
Statements Missing	-	298
Percentage of Statements Produced	100.0%	98.9%
2020 Comparison		
Statements Missing	18	1,404
Percentage of Statements Produced	99.9%	95.1%

- 3.2 For active members, most missing statements were due to outstanding annual return data from 71 employers. Officers are working with employers to resolve any outstanding issues, to allow for a statement to be produced. Further information about employer performance during the end of year process is included in paragraph 4.

Pension Saving Statements

- 3.3 As at the statutory deadline of 6 October 2021, 100% of Pension Saving Statements were produced. The statement is sent to members who are close to or have exceeded the annual allowance and shows the growth in a member's pension benefits in the Scheme and tests this against the annual allowance. The position is summarised below:

	No.
Statements required	33
Statements produced	33
Statements Missing	-
Percentage of Statements Produced	100%

McCloud Data Collection

- 3.4 Employers are statutorily required to provide extra data (hours worked and service breaks) for all members in the Scheme between April 2014 up to 31 March 2022 to allow the team to apply legislative changes to member benefits extending the underpin benefits to eligible younger members.
- 3.5 As of 30 September 2021, 186 of 212 data sets had been received to assist the team in completing updating membership records following the McCloud judgement. The team are in contact with those employers who have outstanding data sets to understand if there is any reason for the delay and encourage them to return the information requested as soon as possible.

4 Employer Performance

- 4.1 To ensure the Scheme can carry out its administrative obligations required under the Regulations, timely and accurate information is necessary from scheme employers. This includes an annual return being provided which includes key member information (such as pay, service, contributions) and is used for the publication of the Annual Benefit Statements, funding valuations and the ongoing management of member records. In line with last year, the administration team have reviewed employer performance during the annual return process for timeliness, financial control, and data quality.
- 4.2 The definition of the performance categories is shown below along with the number of employers in each section:

	Timeliness	Financial Control	Data quality
No issue	176 returns were received before the deadline of 30 April 85% of employers	182 returns had no reconciliation issues 88% of employers	114 returns had no or very minor data quality issues (below 2% of active membership) 55% of employers
Minor concern	30 returns were received between 1 May and 31 May 15% of employers	19 returns had minor reconciliation issues and quickly resolved 9% of employers	56 returns had some data quality issues (between 2 and 5% of active membership) 28% of employers
Significant concern	1 return was received more than a month late less than 1% of employers	6 returns had major reconciliation issues and/or slow/failed to respond 3% of employers	37 returns had major data quality issues (more than 5 queries or 5% of membership, whichever is higher) and/or slow/failed to respond 17% of employers

- 4.3 The following points are highlighted:

- The total number of data queries across all employers was 1,210 (against a total active membership of 26,208) which is 5% of total membership. This compares with 3,881 in 2019/20 and 7,254 in 2018/19 - showing a significantly improving trend.
- 39 employers are rated as having 'significant concerns' in one category. This compares with 67 in 2019/20 and 78 in 2018/19 – again showing a significantly improving trend.

- No employer was rated as having 'significant concerns' across all categories and 87 employers were given a 'no issues' status across all categories (42% of employers). This compares with 65 (33%) in 2019/20 and 54 (27%) in 2018/19.

4.4 The Pension Fund Strategist will write to all employers where 'significant concerns' on data quality was identified to request that they reconcile the data held by the Fund with their own records to highlight any potential issues prior to the 2021/22 End of Year work being undertaken. Larger employers will also be asked to complete this data validation exercise, due to the large volume of data involved. This will be particularly important given timescales associated with the actuarial valuation for 31 March 2022 data.

5 Complaints & Complaints

5.1 The administration team report complaints received monthly. This allows officers to consider lessons learnt and any service improvements to be implemented. The table below sets out the number and themes of complaints received within the quarter and the last twelve months (1 October 2020 to 30 September 2021).

Theme	No. Complaints (Quarter)	No. Complaint (12 months)
Response Time	1	2
Error in pension figures	-	1
Delay in retirement benefits	-	1
Unhappy with cheque payment being stopped	-	1
Discrepancy between Member portal estimated figures and estimate received	-	1
Delay in set up of UPM record	-	1
Enrolment Complaint (Employer)	-	1
Unhappy with Children's Pensions amounts payable	1	1
Total	2	9

5.2 The table below sets out the number of compliments received over the same period.

No. Compliments (quarter)	No. Compliments (12 months)
5	24

6 Breach Reporting

- 6.1 There are several regulatory requirements within the Local Government Pension Scheme (LGPS) for which there is a statutory duty to report to the Pensions Regulator if a material breach occurs.
- 6.2 Since the Committee met in July there has been two low risk data breaches reported, which have been logged through West Sussex County Council's IT Security Incident Report. The breaches were caused by a member's payslip being incorrectly included within the envelope of another member and 37 members data being sent to Hampshire County Council's internal pensions team, rather than the administration team. The causes of the incidents have been investigated. The move to electronic payslips reduces the risk associated with bulk mailings going forwards. Members of the team have been reminded not to use the auto populate function for an email address to assist with mis-directing emails.

7 Other options considered (and reasons for not proposing)

N/A

8 Consultation, engagement and advice

N/A

9 Finance

- 9.1 The Pension Fund continues to finance the data improvement work being completed by the administration team.

10 Risk implications and mitigations

- 10.1 The following risks from the Pension Fund's risk register are considered relevant in the context of this report:

Risk	Mitigating Action (in place or planned)
<p>Poor quality data resulting in error and misstatement.</p>	<p>Implement and monitor the Data Improvement Plan to completion.</p> <p>Work proactively with administration team and employers as part of the end of year process.</p> <p>Maintain robust accounting records.</p> <p>Data improvement plan largely completed.</p> <p>Risk status to be reviewed following full Actuarial Valuation.</p>
<p>Increase in variety and number of employers participating in the Scheme resulting in risk</p>	<p>Clear Admission Agreements in place.</p> <p>Guidance published and reviewed relating to the Scheme requirements.</p>

Risk	Mitigating Action (in place or planned)
of non-compliance with obligations.	Proactive engagement with employers. Development of employer risk framework to monitor and take steps to mitigate risk presented to the Fund in respect of participating employer liabilities.
Cybercrime resulting in personal data for members being accessed fraudulently.	Strong IT environment for administration system and web-based Portals. Officers are taking appropriate advice in considering how risk can be managed/mitigated. Officers working with partners to codify arrangements.

11 Policy alignment and compliance

11.1 The Pensions Committee has an overarching objective to build on the improvement journey in relation to the administration and deliver a high-quality administration service to all stakeholders with processes and procedures to ensure that the Fund receives all income due and payments are made to the right people at the right time, clear communication and robust accounting and reports.

Katharine Eberhart

Director of Finance and Support Services

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Appendices

- Appendix A - Administration Performance Previous 12 Months (1 October 2020 to 30 September 2021)
- Appendix B – Contribution Receipts Previous 12 Months (1 September 2020 to 31 August 2021)

Background papers

None

Recommended Training

Hymans LGPS Online Learning Academy – Module 3 – Business Planning

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Administration Performance Previous 12 Months (1 October 2020 to 30 September 2021)

The table below shows performance against the relevant targets. The casework reported does not include periodic tasks (such as the triennial valuation, publication of the Annual Benefit Statements, End of Year processes or notification of changes to Regulations) response times to enquiries made by members (which has a five working day expectation) and work in progress.

	Q3 2020/21	Q3 2020/21	Q4 2020/21	Q4 2020/21	Q1 2021/22	Q1 2021/22	Q2 2021/22	Q2 2021/22	12 Month	12 Month
	No on time	% on time	No on time	% on time	No on time	% on time	No on time	% on time	No on time	% on time
Active Retirement	129	100%	118	100%	101	100%	147	100%	495	100%
Deferred Retirement	158	100%	151	100%	150	100%	185	100%	644	100%
Estimates	235	100%	172	100%	483	100%	663	100%	1,553	100%
Deferred Benefits	724	100%	736	100%	685	100%	964	100%	3,109	100%
Transfers in / out	34	100%	29	100%	36	100%	37	100%	136	100%
Divorce	37	100%	43	100%	36	100%	34	100%	150	100%
Refunds	150	100%	92	100%	104	100%	127	100%	473	100%
Rejoiners	71	100%	93	100%	65	100%	42	100%	271	100%
Interfunds	76	100%	65	100%	71	100%	71	100%	283	100%
Death Benefits	139	100%	128	100%	101	100%	100	100%	463	100%
Total	1,753		1,627		1,832		2,370		7,577	

The table below shows work in progress at 30 September 2021. The day count reflects the time from date of receipt of the initiating request. Therefore, it includes time whilst cases are on hold with the administration team pending further information. The casework reported does not include work being undertaken as part of the historic leavers project, which forms part of the data improvement plan.

	Cases in progress 0-5 days from receipt	Cases in progress 6-10 days from receipt	Cases in progress 11-15 days from receipt	Cases in progress 16-20 days from receipt	Cases in progress 21-30 days from receipt	Cases in progress 31 + days from receipt	Cases in progress Total
Active Retirement	13	12	4	0	0	0	29
Deferred Retirement	73	13	1	0	1	0	34
Estimates	64	107	42	9	10	33	265
Deferred Benefits	25	188	45	58	84	11	411
Transfers in / out	1	1	2	0	0	2	6
Divorce	2	7	4	0	0	1	14
Refunds	10	9	1	0	0	0	20
Rejoiners	9	8	2	0	1	0	20
Interfunds	7	8	3	2	0	7	27
Death Benefits	5	5	0	5	6	11	32
Total	155	358	104	74	102	65	858

Contribution Receipts Previous 12 Months (1 September 2020 to 30 September 2021)

The table below shows Scheme Employer performance in respect of their statutory responsibilities to paying their contributions to the Fund.

All LGPS Contributions are to be received by the Fund on the 22nd of each month following deduction.

It should be noted except for one employer the employers showing as paying late are different. The one employer who is shown in multiple months as paying late was admitted in late March 2021, with contributions backdated to September 2019. All late payments have now been received.

	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	August	12 Mth Av.
Total Active Employers	201	204	205	206	206	207	207	207	207	206	205	206	206
Employers paid on time	199	201	205	204	204	205	206	200	205	205	202	204	203
Employers Paid Late	2	3	-	2	2	2	1	7	2	1	3	2	2
Total Value of Late Payments (£)	8,317	79,858	-	116,760	8,226	20,112	645	11,306	9,822	563	15,757	18,115	N/A
Overdue Amount as % of total contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
Number of Late payments still outstanding	-	-	-	-	-	-	-	-	-	-	-	0	N/A
Total Amount still overdue (£)	-	-	-	-	-	-	-	-	-	-	-	0	N/A

As at 13/10/2021

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