

Public Document Pack

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4 November 2022

Pension Advisory Board

A meeting of the Board will be held at **9.30 am** on **Monday, 14 November 2022** at **County Hall, Chichester PO19 1RQ**.

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 - 12)

To confirm the part I minutes of the meeting of the Board held on 5 September 2022.

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** (Pages 13 - 14)

This report contains updates on matters arising from previous meetings.

The Board is asked to note the report and the progress on actions.

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

The Board is asked to note the confirmed Part I minutes from the meeting of the Pensions Committee on 27 July 2022 and the agenda from the meeting of the Pensions Committee on 2 November 2022.

- a) **27 July 2022 - Part I Pensions Committee Minutes** (Pages 15 - 20)
- b) **2 November 2022 - Pensions Committee Agenda** (Pages 21 - 24)

7. **Terms of Reference**

At the County Council meeting on 14 October, changes to the constitution were agreed concerning the Pension Advisory Board and the Pensions Committee:

- An amendment to state that no person may be a Pension Advisory Board member and also a member of the Pensions Committee. Any person already appointed to one must resign if successful in becoming a member of the other.
- An amendment to confirm that the Cabinet Member with responsibility for the finance portfolio is treated as ex-officio Chairman of the Pensions Committee (a non-executive function)

Background papers

None

8. **Business Plan Update** (Pages 25 - 46)

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 47 - 56)

The Board is asked to consider the Administration Report from the 2 November 2022 Pensions Committee by the Interim Director of Finance and Support Services.

10. **Communication Strategy** (Pages 57 - 70)

Report by Interim 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 71 - 80)

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 81 - 94)

Report by Interim 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 Friday 10 February 2023.

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 95 - 96)

To confirm the part II minutes of the meeting of the Board held on 5 September 2022 (yellow paper).

16. **Pensions Committee Minutes – Part II** (Pages 97 - 102)

The Board is asked to note the confirmed Part II minutes from the meeting of the Pensions Committee on 27 July 2022 (yellow paper).

17. **Cyber Security** (Pages 103 - 106)

The Board is asked to consider the Cyber Security Report from the 2 November 2022 Pensions Committee.

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

18. **Actuarial Matters** (Pages 107 - 116)

The Board is asked to consider the Actuarial Matters Report from the 2 November 2022 Pensions Committee.

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

19. **Update from ACCESS Joint Committee activity (6 October 2022)** (Pages 117 - 136)

The Board is asked to consider the ACCESS report which went to the Pensions Committee on 2 November 2022.

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

20. **Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks** (Pages 137 - 152)

The Board is asked to consider the reporting of climate change risks report which went to the Pensions Committee on 2 November 2022.

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

21. **Investment Performance and Strategy** (Pages 153 - 160)

The Board is asked to consider the Investment Performance and Strategy report which went to the Pensions Committee on 2 November 2022.

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

To all members of the Pension Advisory Board

Pension Advisory Board

5 September 2022 – At a meeting of the Pension Advisory Board held at 9.30 am at County Hall, Chichester PO19 1RQ.

Present: Peter Scales (Chairman)

Richard Cohen, Miranda Kadwell, Kim Martin, Becky Caney, Chris Curry and Richard Walton

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

1. Declarations of Interests and Conflicts

1.1 The Chairman welcomed everyone to the first meeting at County Hall since February 2020.

1.2 The Chairman welcomed Chris Curry and Richard Walton as the recently appointed scheme member representatives; and took the opportunity to thank Chris Scanes, a former scheme member representative, for his contributions to the Board.

1.3 No interests or conflicts declared.

2. Part I Minutes of previous meetings

2.1 Resolved

1. That the Part I minutes of the meeting of the Board held on 11 February 2022 be approved as a correct record and signed by the Chairman.

2. That the Part I minutes from the informal meeting of Board Members held on 16 May 2022 be noted for accuracy and signed by the Chairman.

3. Pension Advisory Board Membership

3.1 The Board noted that the Chairman had agreed to reappoint Miranda Kadwell and Becky Caney as an Employer Representative and a Scheme Member Representative respectively on the Board for a second 4 year term.

3.2 The Board also noted the new Scheme Member Representatives; Chris Curry and Richard Walton.

4. Progress Statement

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

5. Pensions Committee Minutes - Part I

5.1 The Board considered the confirmed Part I minutes from the 29 April 2022 Pensions Committee meeting and the Agenda from the 27 July 2022 Pensions Committee meeting (copies appended to the signed minutes).

5.2 The Board made comments including those that follow.

- Asked if minute 5.2 - bullet d - should be referring to employer contributions, rather than employee. – Rachel Wood confirmed that this was a mistake, and it should be employer.
- The Chairman highlighted minute 4.2 and confirmed that he had attended Pensions Committee meetings in the past and had also watched all webcast meetings. The Chairman reminded Board members that the Pensions Committee Chairman had extended an invite to them to join meetings, as observers.

5.3 Resolved – That the minutes and agenda be noted.

6. Business Plan Update

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

6.2 The Chairman introduced the report and explained that Pension Boards were recommended to have Business Plans and drew attention to the Pensions Committee Business Plan, which was included as an appendix within the agenda item. The Board's Business Plan had been approved by the Governance Committee.

6.3 The Board queried if the outstanding guidance was likely to come to the next meeting. – The Chairman explained that the guidance still required consultation and so would be unlikely to come to the following meeting. Rachel Wood reported that the drafts were expected in the autumn. Rachel Wood further reported that the Taskforce on Climate Related Financial Disclosures (TCFD) had recently been published and it was anticipated that this would need to be adopted for the 2022/23 end of year reporting.

6.4 Resolved – That the Board note the update.

7. Administration procedures and performance

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

7.2 Tara Atkins introduced the report and highlighted the 100% compliance with the key performance indicators (KPI). Portal membership numbers were increasing, and it was explained that the employers who were not signed up to their Portal had fewer employees, and therefore less frequent forms to be provided to the administration team. McCloud work was progressing, with engagement being undertaken with all employers.

There had been a delay with receiving data from the education sector due to the impact of the holiday period.

7.3 Tara Atkins gave some background to the McCloud judgment and how firefighters had won their legal case that an underpin applied to pensions when the scheme transferred from final salary to career average was age discriminatory as it was only applied to members within ten years of their pension age. The underpin was now applied to all public sector pensions and required a calculation upon a member's retirement to ensure the better outcome was applied. Tara Atkins confirmed there was still no formal guidance on this at this stage.

7.4 Tara Atkins gave an update on Annual Benefit Statements (ABS) and that 100% had been generated for deferred members, and 99.4% for active members. There were 173 outstanding ABSs that were awaiting data.

7.5 Andrew Lowe reported that the Portal figures in the report were now out of date and that the figures were now higher.

7.6 The Board made comments including those that follow.

- Commented that it would be useful if the complaints table contained upheld data. – Tara Atkins confirmed that the Internal Dispute Resolution Procedure (IDRP) complaints had not been upheld.
- Queried what the complaints were based on if the KPIS were 100%. – Tara Atkins explained that it depended on the type of complaint. Overall response time could be an issue as it was measured by the time taken for the team to complete an activity rather than time when information is outstanding from a third party. However, the importance of managing members expectations was acknowledged.
- Asked if it was possible to include more detail on complaints. – Tara Atkins explained that very high level information was presented as the information was in the public domain and individuals should not be identifiable.
- The Chairman asked officers to consider how complaints information was presented in reports.
- Noted the number of complaints was small, and that compliments had been received.
- Queried if members were still only allowed to request one estimate a year. – Andrew Lowe explained that members could run as many estimates as they wanted on the Portal, but were limited to one a year if it required the administration team to calculate.
- Raised concerns for members who had no online access and so no way to opt out of electronic communications. – Andrew Lowe explained that whilst opt out requests were preferred in writing, this could be instructed via a phone call. Tara Atkins also advised that employers should be able to help their employees with assistance on elements such as estimates and calculations. Paper copies of ABSs could still be generated for those who had opted for paperless preference
- Commented on the impact of early retirement on pension levels and how this was communicated to members. – Tara Atkins explained that details of this were on the Portal, but recognised there was an

issue for those not registered. The Chairman highlighted that it was important not to give advice, but asked officers to look into how the impact of early retirement was communicated.

- Queried if it was possible to migrate users from the current Portal to a future Portal, if required. – Tara Atkins explained that the Portals were linked to who provided the administration service and so it was not easy to transfer across secure log in details.

7.7 Resolved – That the Board notes the update.

8. Communication Strategy

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

8.2 Tara Atkins introduced the report which outlined the key pieces of work that were being undertaken. The Board were also informed that changes were being made for communications regarding Pensions Savings Statements; and how in addition to contacting those who had breached the threshold, those close to breaching the threshold would also be contacted.

8.3 The Board made comments including those that follow.

- Queried when the actuarial valuation update would take place for employers. – Rachel Wood reported that communications were due to go out soon, and that the update would take place in October.
- Sought clarity on the members who were not on the portal and had not opted out of paper communications. – Tara Atkins confirmed that officers were looking into how to address this gap and confirmed that ABS hard copies were only issued for those who had requested them. The Board discussed that employers could publish information on their own websites to explain the portal and opt out details.
- Queried the annual allowance limit and what threshold would be considered close to warrant the new communications. – Tara Atkins confirmed that officers would be reviewing HM Revenue & Customs guidance to inform the approach taken locally.
- Noted the hyperlinks in the document and discussed the availability of the reports online. – Adam Chisnall explained that all Part I documents were available online. It was possible to sign up for Gov Delivery alerts for the Pension Advisory Board and Pensions Committee that would inform of agenda and minute publications.
- Highlighted that the bulletin documents referred to within the Employer Newsletter the Department for Communities and Local Government (DCLG) which should be corrected to Local Government Association (LGA). – Tara Atkins agreed to look into this.

8.4 Resolved – That the Board notes the schedule of Communications drawn from the Communication Policy Statement and asks officers to consider the feedback raised.

9. Regulations and Governance update

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

9.2 The Chairman introduced the report and highlighted that paragraph 3.2 should say 'There has been no visible progress...'. It was reported that the Code of Practice from the Pensions Regulator would be due soon and that the Board would be required to check compliance.

9.3 The Board queried if there was any update on the judicial judgement of the second element of the McCloud complaint. – Rachel Wood resolved to circulate information on the cost cap to the Board members.

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

10. Review of Pension Fund Policy Documents

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

10.2 Vickie Hampshire introduced the report and explained that it was a responsibility of the Board to check policy compliance. The included Annual Report had seen changes since consideration at the Pensions Committee, but nothing with regard to compliance.

10.3 The Board made comments on the Annual report including those that follow.

- Queried the fall in active member percentage between 2002 and 2022 and if this was linked to outsourcing. – Vickie Hampshire explained that outsourced members would be transferred into the fund via a Transfer of Undertakings (Protection of Employment) (TUPE) and so this would not have impacted active numbers.
- Sought clarity on the risk that ceased employers posed to the fund. – Vickie Hampshire explained that the actuary prepared cessation reports when an employer left the fund to calculate the exit position and plan accordingly. Rachel Wood added that employers were pooled when their outsource contract ended to consider their liabilities together.
- Queried the partially met action regarding cashflow forecasts for the Annual Report. – Vickie Hampshire explained that cashflows were not published and therefore the requirement was only partially met. Rachel Wood added that officers gave consideration to cashflow and liquidity requirements; but day to day cashflow was not forecasted. The Board queried if the cashflow activity that was undertaken would meet the 'must' requirement. Rachel Wood explained that this was not a discipline undertaken by officers to see how the cashflow work could be interpreted by the standards. Vickie Hampshire resolved to look into how contributions and benefit forecasting could be considered in the report next year.

- Questioned why there was an admitted body with zero employer contributions. – Vickie Hampshire explained that the body was on a cessation path.

10.4 Rachel Wood introduced the Funding Strategy Statement explained that the statement had been to the July Pensions Committee and would soon be sent to employers in a draft format. The actuary would then add valuation results before a final version was signed off. It was considered that the current guidance for this was the CIPFA 2016 version.

10.5 The Board queried salary growth assumptions and the impact of inflation. – Rachel Wood confirmed that the actuary looked at a long-term view and the impact on cashflow.

10.6 Resolved – That the Board notes the register of policy documents and the compliance of the Annual Report and the Funding Strategy Statement.

11. Date of Next Meeting

11.1 The Board noted that its next scheduled meeting would take place on Monday 14 November 2022 at 9.30 a.m. at County hall, Chichester.

12. 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.

13. Part II Minutes of the last meeting

The Board agreed the Part II minutes of the meeting of the Board held on 11 February 2022 and noted the accuracy of the part II minutes from the informal meeting of Board Members held on 16 May 2022, and that they be signed by the Chairman.

14. Pensions Committee Minutes – Part II

The Board noted the contents of Part II minutes from the 29 April 2022 Pensions Committee meeting.

15. ACCESS Update

The Board considered the report by the Director of Finance and Support Services from the 27 July 2022 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

16. Investment Strategy Implementation

The Board considered the report by the Director of Finance and Support Services from the 27 July 2022 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.40 am

Chairman

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Pension Advisory Board Progress Report – November 2022

Date Received & Minute Number	Subject	Matters Arising	Who	Update	Next Update
05/09/22 Minute 7.6 4th Bullet	Administration procedures and performance	Query on how complaints information was presented in reports	RW	Update on this scheduled for the November Pensions Committee report.	CLOSED
05/09/22 Minute 7.6 8th Bullet	Administration procedures and performance	Officers asked to look into how the impact of early retirement was communicated in the context of retirement planning	RW	This is being considered by officers	February 2023
05/09/22 Minute 8.3 5th Bullet	Communication Strategy	Officers asked to look into the Employer Newsletter bulletin	TA	Bulletin titles updated to Local Government Association (LGA).	CLOSED
05/09/22 Minute 10.3 3rd Bullet	Review of Pension Fund Policy Documents	Officers asked to consider how contributions and benefit forecasting could be considered in future cashflow reports	VH	Officers will consider this for the 2022/23 report.	CLOSED

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Pensions Committee

27 July 2022 – At a meeting of the Pensions Committee held at 10.00 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Hunt (Chairman)

Cllr Condie, Cllr N Jupp, Cllr Turley, Cllr Urquhart, Mr Kipling, Mr Wilding and Tim Stretton

Apologies were received from Cllr J Dennis and Cllr Elkins

Part I

19. Declarations of Interests

19.1 Cllr N Jupp declared a personal interest during the Pension Fund Annual Report item as his daughter works for Blackrock.

20. Part I Minutes of the last meeting

20.1 Resolved – That the Part I minutes of the Pensions Committee held on 29 April 2022 be approved as a correct record, and that they be signed by the Chairman.

21. Pension Advisory Board Minutes - Part I

21.1 The Committee considered the Part I minutes from the meeting of the Pension Advisory Board on 11 February 2022 that were noted at the informal Pension Advisory Board on the 16 May 2022; and the agenda from the informal meeting of the Pension Advisory Board on 16 May 2022 (copies appended to the signed minutes).

21.2 Resolved – That the minutes and agenda be noted.

22. Business Plan

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

22.2 Katharine Eberhart, Director Finance and Support Services, introduced the report and explained that preparations were being made for the actuarial valuation. The draft annual report had been written and would be considered later on the agenda. Consideration was being given to new risks including current consultations and the proposed takeover of Link.

22.3 The Committee made comments including those that follow.

- a. Sought clarity on the risk rating for academies. – Steven Law, Fund Actuary, explained that the Government's white paper looked to transfer all schools into Academy Trusts. The impact of this on the fund was an increase in administration due to outsourced payroll

- arrangements and the consideration of contracted staff such as cleaning staff which needed to be admitted to the fund.
- b. Asked if risk RT12 should be enlarged to consider the risk academisation posed to administration costs. – Rachel Wood resolved to reflect this within the risk.
 - c. Queried the arrangements for deferred members where a school had converted to an academy. – Steven Law explained that an active member would become the responsibility of the academy; whereas if a member was deferred at the time of the transfer they would remain a County Council deferred member. This only applied to non-teaching staff as teacher’s had their own pension fund.
 - d. Asked if Academies were public or private sector. – Steven Law confirmed they were public sector bodies. Higher Education Colleges were in the private sector.
 - e. Queried if the short term companies that came into the fund, as a result of an academy outsourcing, were able to cover the necessary fund costs. – Steven Law explained this was always a risk for anyone joining the fund, but gave reassurance that the liability would stay with the academy for costs. Educational bodies were guaranteed under the Department for Education, who historically have always paid out for claims in situations of deficits.
 - f. Sought clarity on the process for setting contribution rates for an employer who joined the fund between valuation cycles. – Steven Law confirmed these came to the fund actuary for consideration.
 - g. Noted the combination of RT3 and RT10 and queried if the reduced risk status was a consequence of the merge or mitigation actions. – Rachel Wood, Pension Fund Strategist, explained the reduced risk was linked to mitigation works for Responsible Investment (RI) and Environmental, Social, and Governance (ESG).
 - h. Praised the Hymans Robertson briefing paper on the Pensions and Lifetime Savings Association Cotswold conference. – Committee members requested a copy of the briefing paper so Rachel Wood resolved to circulate this.
 - i. Queried if the cybercrime risk would ever move out of red. – The Chairman confirmed that this a cross Council issue and that the risk was unlikely to come out of red due to the constant vigilance that was required in the changing digital environment. Steven Law confirmed that the Pensions Regulator would like cybercrime risk to stay in the red category.

22.4 Resolved – that the Committee notes the updates on Business Plan activities for 2022/23 and risk matrix.

23. Pension Fund Annual Report

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

23.2 Rachel Wood introduced the report and the draft annual plan which was compliant with CIPFA guidance, and regulations. It was confirmed that the draft annual report would also go the Pension Advisory Board for review; and that the accounts would go the Regulation, Audit and Accounts Committee in September for approval.

23.3 The Chairman highlighted that this was the first time all assets had been listed in the annual report which was a good inclusion. The asset list would be updated to note investment in Baillie Giffords Global Alpha Paris Aligned fund early in the current financial year. The Chairman also confirmed that the move to the Paris fund meant that fossil fuel exposure had dropped from 0.7% to 0.4% of the total fund.

23.4 Steven Law spoke on the cashflow position of the fund and explained that contributions would be dropping after the triennial valuation and benefit payments increasing which would reduce cashflow and increase the reliance on investment income.

23.5 The Committee made comments including those that follow.

- a. Queried the cashflow forecast and asked if it was prudent to continue with the plan to reduce contributions. – Steven Law explained that the reduction of contributions was still the right approach to take, but it was important to plan accordingly.
- b. Noted the different figures for 2020/21 and 2021/22 for management expenses and asked if fees had been reduced. – Rachel Wood explained that the different figures related to how Baillie Gifford's performance fee had been budgeted for and paid out. Clarity would be added to the final version.
- c. Asked if the fees paid were in line with similar funds. – Rachel Wood resolved to investigate this.
- d. Sought clarity on the benchmark position performance for equities. – Rachel Wood explained that the focus was on the long term, and that the underweight to energy companies had led to a negative financial impact during the year. The Chairman confirmed the importance of focussing on the long-term position. Rachel Wood added that the stock selections made by fund managers needed to perform, and that commentary would be reviewed to ensure it is clear how stocks were chosen.
- e. Proposed that the annual report should reflect on the financial consequences of withdrawing from the energy sector. – The Chairman explained that moving away from fossil fuel investments had always been planned when the timing was appropriate. The withdrawal had not been a consequence of pressure groups.
- f. Questioned the wording of the engagement activity undertaken by the fund and if a balanced view was required to show successful and unsuccessful influence of company boards. – The Chairman felt the wording could be clarified to confirm this was activity done by fund managers. Fund managers had high influence on boards and had demonstrated where they had help make positive changes to companies. It was proposed that the wording could be changed from 'low-carbon' to 'supporting ESG principles'; and also include more diverse examples such as improving staff treatment. Cllr N Jupp reflected on Blackrock's voting behaviour at company board meetings.

23.6 Resolved – that the Committee approves the draft annual report subject to the comments made, and the figures being subject to audit and consideration by the Regulation, Audit and Accounts Committee on 22 September 2022).

24. Pension Administration

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

24.2 Rachel Wood introduced the report and confirmed that work was being done on the Annual Benefit Statements to ensure they were ready for the August deadline, as close to 100% completion as was possible.

24.3 Andrew Lowe, Head of Pensions, Investments and Borrowing, reported that engagement work was being undertaken on the Pensions Dashboard and an update would be provided at the November Committee meeting. The LGPS staging date for the dashboard is September 2024.

24.4 The Committee made comments including those that follow.

- a. Noted the work on portal promotion and the number of opt outs. It was proposed that commentary should be added to confirm that those opting out still received information via hard copies. – Andrew Lowe explained that the table aimed to show engagement figures, and that a further communication exercise was planned to increase portal take up.
- b. Noted the employer sign up figures for the portal, and felt it was important to reflect the portion of employees this covered as it was likely to be many small employers that had not signed up.
- c. Queried how West Sussex portal usage compared to other funds. – Andrew Lowe explained the usage was good, but the problem was how to engage with deferred members. It was confirmed that all new starters were engaged with to sign up to the portal.
- d. Sought clarity on the progress with McCloud. – Rachel Wood confirmed that an extension on this had been granted to West Sussex County Council and that the work was progressing on track with agreed timetables.
- e. Praised the 100% compliance with key performance indicators.

24.5 Resolved – that the report be noted.

25. Funding Strategy Statement

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

25.2 Rachel Wood introduced the report and explained that the Statement would be shared with employers after the meeting to explain the plan for contribution rates. The final version was then expected to be ready for the January Committee meeting.

25.3 Steven Law and Paula Picken, fund actuary, gave a presentation to the Committee outlining Hymans Robertson's approach and considerations for the triennial valuation (copy appended to the signed minutes).

25.4 Paula Picken explained there was currently no updated Funding Strategy Statement guidance from CIPFA for the 2022 valuation, and that there was also no guidance from the Scheme Advisory Board on how Climate Change should be reflected.

25.5 Steven Law praised the formatting change in the Funding Strategy Statement undertaken by Rachel Wood which had consolidated the required information well.

25.6 Steven Law explained the change in approach taken for admitted bodies and predicted increase in benefits due to the increase in the Consumer Price Index (CPI).

25.7 Steven Law concluded by giving reassurance that the Committee had worked hard for many years to install tools and buffers to the fund that could be utilised to manage the risks.

25.8 The Committee made comments including those that follow.

- a. Queried the new approach for admitted bodies with no guarantor and what would happen if they were in deficit. – Steven Law explained that the body would be asked for the money and that most were government backed. Whilst the new approach to minimum likelihood held a larger risk of deficit, the risk was well managed; particularly as the fund had a healthy funding level.
- b. Sought clarity on the impact of COVID-19 to the valuation. – Steven Law explained that the data had only just been received, but a high impact was not anticipated. Consideration would be given to the impact of life expectancy and if this had increased or reduced post pandemic. The main impact to the fund would be the impact of increased CPI.

25.9 Resolved – that the report and presentation be noted.

26. Date of the next meeting

26.1 The Committee noted that its next scheduled meeting would take place on 2 November 2022 at County Hall, Chichester.

27. Exclusion of Press and Public

Resolved - That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

28. Part II Minutes of the last meeting

The Committee agreed the Part II minutes of the Pensions Committee held on 29 April 2022.

29. Pension Advisory Board Minutes - Part II

The Committee noted the contents of the Part II minutes from the 11 February Pension Advisory Board meeting.

30. Update from ACCESS Joint Committee activity (6 June 2022)

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

The Committee considered the report and noted the update on the ACCESS Joint Committee.

31. 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.

32. 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.

33. Presentation by Partners Group

The Committee received an update from Joanna Asfour, Ross Hamilton and Christoph Baumann from Partners Group on the portfolio performance for the quarter.

34. Presentation by Macquarie Asset Management

The Committee received an update from Gillian Evans, Allan Jenson and Jacob Vendelbo from Macquarie Asset Management on the portfolio performance for the quarter.

The meeting ended at 3.00 pm

Chairman

Tony Kershaw
Director of Law and Assurance

If calling please ask for:

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24 October 2022

Pensions Committee

A meeting of the committee will be held at **10.00 am** on **Wednesday, 2 November 2022** at **County Hall, Chichester, PO19 1RQ**.

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:

- 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

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 - 10)

The Committee is asked to agree the Part I minutes of the meeting of the Committee held on 27 July 2022 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.
5. **Pension Advisory Board Minutes - Part I**
- The Committee is asked to note the Part I minutes from the informal meeting of the Pension Advisory Board on 16 May 2022 and the agenda from the meeting of the Pension Advisory Board on 5 September 2022.
- (a) **16 May 2022 - Part I Pension Advisory Board Minutes**
(Pages 11 - 16)
- (b) **5 September 2022 - Pension Advisory Board Agenda**
(Pages 17 - 20)
- 10.10 am 6. **Terms of Reference**
- At the County Council meeting on 14 October, changes to the constitution were agreed concerning the Pension Advisory Board and the Pensions Committee:
- An amendment to state that no person may be a Pension Advisory Board member and also a member of the Pensions Committee. Any person already appointed to one must resign if successful in becoming a member of the other.
 - An amendment to confirm that the Cabinet Member with responsibility for the finance portfolio is treated as ex-officio Chairman of the Pensions Committee (a non-executive function)
- Background papers
None
- 10.10 am 7. **Business Plan** (Pages 21 - 36)
- Report by the Interim Director of Finance and Support Services.
- The Committee is asked to note the updates on Business Plan activities for 2022/23 and risk matrix.
- 10.25 am 8. **Pension Administration** (Pages 37 - 46)
- Report by the Interim Director of Finance and Support Services.
- The Committee is asked to note the report.

- 10.35 am 9. **Date of the next meeting**
- The next meeting of the Pensions Committee will be 10.00 a.m. 30 January 2023 at County Hall.

Part II

- 10.35 am 10. **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.
- 10.35 am 11. **Part II Minutes of the last meeting** (Pages 47 - 52)
- To confirm the Part II minutes of the meeting of the Committee held on 27 July 2022, for members of the Committee only (yellow paper).
- 10.40 am 12. **Pension Advisory Board Minutes - Part II** (Pages 53 - 56)
- The Committee is asked to note the Part II minutes from the informal meeting of the Pension Advisory Board on 16 May 2022 (yellow paper).
- 10.45 am 13. **Cyber Security** (Pages 57 - 60)
- Report by the Interim Director of Finance and Support Services.
- The Committee is asked to consider the recommendation within the report.
- 10.55 am 14. **Actuarial Matters** (Pages 61 - 70)
- Report by the Interim Director of Finance and Support Services.
- The Committee is asked to consider the recommendation within the report.
- 11.25 am 15. **Update from ACCESS Joint Committee activity (6 October 2022)** (Pages 71 - 90)
- Report by the Interim 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 16. **Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks** (Pages 91 - 100)

Report by the Interim 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 17. **Investment Performance and Strategy** (To Follow)

Paper by the Interim 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).

- 12.10 pm 18. **Cashflow Report** (Pages 101 - 104)

Report by the Interim 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.

Break for the committee

- 1.15 pm 19. **Presentation by Baillie Gifford**

The Committee to receive a presentation on portfolio performance.

- 2.00 pm 20. **Club Vita**

The Committee to receive a presentation on Pension Fund longevity and managing longevity risk.

To all members of the Pensions Committee

**Key decision: Not applicable
Unrestricted**

Pension Advisory Board

14 November 2022

Business Plan Update

Report by the Chairman of the Pension Advisory Board

Summary

This report provides an update on progress in achieving the key tasks and activities for 2022/23. The business plan update report considered by the Pensions Committee at its meeting on 2 November is included for the Board to review how their Plan is progressing, developments in the training strategy, and any variations in the risks. The reports also provide an update on training for Pension Advisory Board (PAB) members.

Recommendations

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

Proposal

1 Background and context

- 1.1. The Board considered its Business Plan for 2022/23 on 16 May, and in line with their Terms of Reference, the Plan was approved by the County Council's Governance Committee on 6 June.
- 1.2. As part of its core business activity, the Board reviews progress on achieving the key tasks and activities at each meeting. Similarly, the Board considers updates on progress for the Pensions Committee's Business Plan at each meeting, particularly as these include information on risk management, internal audit, and training.
- 1.3. Progress in the current year continues to be constrained pending action by the Department for Levelling Up, Housing and Communities (DLUHC) to bring forward consultations on new initiatives. Inevitably this will lead to a 'rush' of consultations on revised regulations with limited time for the Committee, and in turn the Board, to respond. It is anticipated that there

will be an expectation that new regulations can come into force by 1 April 2023, narrowing the opportunity to help develop change.

2 Business Plan update

- 2.1 The Board has met virtually during the pandemic on a fairly successful basis, but the September meeting was held on a hybrid basis allowing for physical attendance and virtual attendance by those for whom it was more practicable. It was also possible at that meeting to welcome two newly appointed members in person.
- 2.2 With these flexible arrangements, the Board has been able to maintain its schedule of core on-going work as set out in the Plan, and to keep abreast of developing issues. Some of the national initiatives held back from last year have still to emerge in terms of consultation and progress is being monitored. A brief review of progress in delivering special activities and reviews is set out in **Appendix A**.
- 2.3 In previous years, the Chairman has undertaken reviews with each Board member, with key officers, and with the chairman of the Pensions Committee. For Board members, these take the form of written self-assessments combined with face-to-face interviews, usually in January prior to the PAB meeting which is scheduled for 10 February in 2023. In 2022 the meetings were held virtually but for 2023 these may be either in person or virtual.

3 Pensions Committee Business Plan

- 3.1 A copy of the Pensions Committee's update report to their meeting on 2 November is attached as **Appendix B**.
- 3.2 The Board's attention is drawn to:
 - The update of the audit on the pension fund accounts and of progress against agreed actions in section 2
 - The update on training and the training log in section 3 and Appendix B-A, noting the progress on the Hymans training (LOLA)
 - The update on risks in section 4, noting the revisions that have been made as shown in Appendix B-B
 - The update on audit and controls in section 5 and the summary in Appendix B-C.

4 Training

- 4.1 Maintaining knowledge and skills is a mandatory requirement for Board members and is assisted by the circulation of briefing papers, Committee/Board reports, and external links to national websites.

- 4.2 The Hymans LGPS Online Learning Academy (LOLA) has been introduced as a baseline for training needs for both Board and Committee. Other training is made available through in-house presentations and external courses and seminars. The Board's training log forms part of the Business Plan Update to the Pensions Committee.

5 Other options considered (and reasons for not proposing)

- 5.1 N/A

6 Consultation, engagement and advice

- 6.1 N/A

7 Finance

- 7.1 The Board has a budget agreed as part of its business plan, but this has not been affected in any significant way by the pandemic.

8 Risk implications and mitigations

- 8.1 **Failure to manage work efficiently and effectively** – The circulation of information papers to replace the cancelled meeting and the use of virtual meeting arrangements has enabled the Board to continue to work as efficiently and effectively as possible.

- 8.2 **Failure to account for activities and performance** – updates to each meeting monitor performance and the end year position will be reviewed in the usual way.

9 Policy alignment and compliance

- 9.1 The Board's business plan is developed to be consistent with the Pensions Committee's plan.

Peter Scales

Chairman of the Pension Advisory Board

Contact Officer: Adam Chisnall, Democratic Services Officer, 033 022 28314, adam.chisnall@westsussex.gov.uk

Appendices

Appendix A - Progress update on the Board's special activities and reviews

Appendix B - Pensions Committee's Business Plan Update (2/11/22)

Background papers

None

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Pension Advisory Board - Business Plan 2022/23

Progress update on special activities and reviews

Business Planning and Performance

Planned activity	Current progress
Agree programme of work and monitor progress	No special activities are planned but the Board held its first 'hybrid' meeting on 5 September.

Compliance checks

Planned activity	Current progress
Review arrangements for replacing/updating CIPFA guidance in the future	The Scheme Advisory Board (SAB) has established a new Compliance & Reporting Committee. A review of their workplan is reported to the PAB meeting in November.

Governance arrangements

Planned activity	Current progress
Review new tPR Combined Code for compliance requirements (due in October)	Expected to be issued in the autumn or possibly early 2023
Review any consultation from DLUHC on implementing the SAB proposals on future governance arrangements	Consultation not now expected until early 2023

Administration procedures and performance

Planned activity	Current progress
Consider scope for comparative standards and performance indicators	Scheme Annual Report published in May. SF3 data published by DLUHC in July.
Review controls relating to pensions/cyber scams	Board received a review and update of arrangements at its meeting in May

Investment and funding

Planned activity	Current progress
Review revised guidance on investment strategy issued by DLUHC when available	Consultation expected later in 2022. The DLUHC issued a consultation on the governance and reporting of climate change risks on 1 September. A response was considered by the Board prior to the deadline for submission on 24 November.
Monitor progress on the valuation and changes to funding strategy	Progress reported to each meeting Revised Funding Strategy Statement reviewed at September meeting
Review any regulatory changes relating to compliance on pooling	Agreed to participate in observer arrangements for the ACCESS Pool Consultation expected later in 2022
Review guidance on responsible investment when issued	Consultation expected later in 2022

Communications

Planned activity	Current progress
Review information provided on potential pensions/cyber scams	Issues raised at the May meeting

Unrestricted

Pensions Committee

2 November 2022

Business Plan

Report by Interim Director of Finance and Support Services

Summary

The Pensions Committee approved its Business Plan for 2022/23 in April,. The following updates are highlighted:

- The final Financial Statements for the year ended 31 March 2022 and EY's draft Audit Results Report were considered by the County Council's Regulation, Audit and Accounts Committee (RAAC) on 22 September 2022. Minor changes had been made to the Statement of Accounts and EY reported that, in their opinion, the Pension Fund financial statements give a true and fair view of the financial transactions of the Fund. The Pension Fund Financial Statements were approved, subject to the approval of the County Council's Financial Statements (which the Pension Fund's Statements form part of).
- Work continues to complete the 2022 Actuarial Valuation by 31 March 2023. Initial results have been prepared.
- A consultation on the governance and reporting of climate change risk has been published with a response deadline of 24 November 2022. Several consultations are pending (on benefits, investments and governance).
- All deferred and 99.4% of active annual benefit statements were published by the 31 August deadline. A message was sent to all members highlight the importance of checking the information included.

A full risk matrix was presented to the Committee in April. This report includes risk themes. The following updates are highlighted:

- Wording has been updated to reflect future cashflow pressures caused by anticipated reduced employer contributions and increased benefit payments. The risk score has also moved from green to amber reflecting the increased likelihood.
- Data quality improvements reported by the Fund Actuary as part of the 2022 valuation has been acknowledged and the likelihood of poor-quality data results in error or misstatement is considered to have lowered.
- The completion of the procurement for custody services has reduced the likelihood that the Fund fails to secure value for money through its contracts.

Recommendation: That the Pensions Committee:

- (1) Notes the updates on Business Plan activities for 2022/23 and risk matrix

1 Background

- 1.1 The Pensions Committee maintains a Business Plan which sets out its key priorities and how these will be delivered. This is [published on the Pension Fund's webpage](#). Updates during the year are provided to the Committee.
- 1.2 This report is shared with the Pension Advisory Board.

2 2022/23 Business Plan

- 2.1 A key deliverable for the quarter related to "Robust Accounting" and the need for the pension fund to produce accounts in line with statutory deadlines. The accounts are subject to external audit review and assurance.
- 2.2 As an update, the County Council's Regulation, Audit and Accounts Committee considered the Pension Fund's Audit Results Report and Financial Statements during their meeting on [22 September 2022](#).
- 2.3 The accompanying report highlighted that, during the audit, a small number of changes were made to the draft Statements. These included expanding the going concern cashflow forecasting, amending the way that the waiver of investment management fees was reported and updating previously estimated valuations (confirmed private equity valuations were £6.6m (5%) lower than estimated and confirmed private debt valuations were £0.2m (0.2%) higher than originally reported).
- 2.4 In their draft Audit Results Report, EY reported that their audit work was substantially complete and in their opinion the Pension Fund financial statements:
 - give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of the its assets and liabilities as at 31 March 2022
 - have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
- 2.5 The County Council's Regulation, Audit and Accounts Committee approved the Pension Fund Financial Statements, subject to the approval of the County Council's Financial Statements (which the Pension Fund's Financial Statements form part of).
- 2.6 The Chair of the Scheme Advisory Board [wrote \(PDF, 95.8kb\)](#) to the Minister in early August outlining issues facing Local Government Pension Funds because of audit issues relating to the main local authority accounts. The letter proposes separating pension fund accounts from main local authority accounts. This will be kept under review.
- 2.7 The table below shows progress against the agreed actions for other items within the 2022/23 business plan:

Objective and Action	Q2 Update
<p>Complete 2022 Valuation</p> <p>The Fund is required (under Regulations) to obtain an actuarial valuation of the assets and liabilities of the pension fund on 31 March 2022 and to set rates from 1 April 2023.</p>	<p>The Funding Strategy Statement draft was considered by the Pensions Committee in July and has been circulated to employers for their feedback.</p> <p>Initial results have been provided by PwC on their analysis of employer covenants, focusing on those employers considered higher risk to the Pension Fund because of their funding sources / guarantee arrangements.</p> <p>Meetings between officers, the Fund Actuary and employers have been held to provide initial valuation results, in line with the autumn schedule. Further meetings are scheduled for 1 November 2022.</p>
<p>Implement changes required as a result of the McCloud judgement</p> <p>The Fund is required to offer remedies to affected members to ensure they are placed in an equivalent position to members protected when the LGPS was reformed in 2015 (which were based on the age of a member).</p>	<p>Further work is underway in relation to service/break data sets for the periods to 31 March 2022.</p> <p>The government consultation on the remedy (and timescales) is anticipated this quarter.</p> <p>It is expected work will need to be completed by autumn 2023.</p>
<p>Consultations</p> <p>It is anticipated that there will be a number of consultations and guidance issued during the year covering benefits, investments and governance arrangements.</p>	<p>A consultation has been received on governance and reporting of climate change risk and a draft response prepared for the Committee's consideration. The deadline to respond is 24 November 2022.</p> <p>Several consultations (and consultation responses) are expected. Officers continue to work proactively in relation to Good Governance to understand arrangements that can be put in place based on the understanding of the scope of proposals from government.</p>

Objective and Action	Q2 Update
<p>Communications</p> <p>The fund is required to publish several strategy documents and disclose information about benefits and scheme administration to scheme members and others. For these to be of maximum benefit the content and presentation of these communications should be reviewed.</p>	<p>All deferred and 99.4% of active annual benefit statements were published by the 31 August deadline. A message was sent to all members to highlight the publication of the Annual Benefit Statements and the importance of checking the information included.</p>
<p>Data</p> <p>The maintenance of complete and accurate records is a control to allow the fund to carry out basic functions.</p>	<p>The Fund Actuary has confirmed a significant improvement since 2019 and the feedback on the review of data submitted is being used to inform specific future data improvement work, along with work to return preserved refunds to relevant members.</p>
<p>Annual Report</p> <p>The Pension Fund is required to produce an Annual Report in line with statutory deadlines and considering statutory guidance.</p>	<p>The Annual Report has been updated following feedback from the Pensions Committee and published (PDF, 2.4mb) along with the summary (PDF, 304kb) document. This is now complete.</p>
<p>Accounting System</p> <p>The County Council is changing its core accounting system to Oracle.</p>	<p>Officers continue to work with colleagues across the County Council to ensure appropriate processes, procedures and reporting. It is still anticipated that the accounting system will be able to 'go live' in spring 2023.</p>

3 Update on Training

- 3.1 A Training Strategy has been established to support the Pension Committee and Pension Advisory Board members 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 and the demonstration of officer and Committee knowledge is important for the Fund to maintain its professional investor status.

- 3.2 Appendix A shows the training completed up to 30 September 2022. Members should continue to ensure they notify officers when they attend external training, so it can be recorded appropriately. Future external training available has been summarised below –

Event	Date	Location
SPS Local Authority Pension Funds: Sustainable Investment & other Structural Themes	16 November 2022	London
Day 1 LGA Fundamentals	18 October 2022	Online
	20 October 2022	London
Day 2 LGA Fundamentals	10 November 2022	London
	22 November 2022	Online
Day 3 LGA Fundamentals	6 December 2022	London
	20 December 2022	Online
LGA LGPS Governance Conference	19-20 January 2023	Cardiff
		Online
LAPF Strategic Investment Forum	2 February 2023	London
SPS Local Authority Pension Funds: Current Investment Issues	9 February 2023	London

4 Update on Risks faced by the Fund

- 4.1 A full risk register was provided to the Pensions Committee in April 2022. The full risk register has been reviewed by officers and individual risk scores have been updated where appropriate. The update on risks by theme are attached (Appendix B). The following are highlighted:
- Wording has been updated in relation to the sufficiency of assets to meet pension fund liabilities to refer to liabilities and cash flow requirements. Reflecting the anticipated reduced employer contributions from 1 April 2023 and the expected pension increase this has been moved from green to amber.
 - The risk in relation to poor quality data resulting in error and misstatement has been reduced from amber to green in

acknowledgement of the feedback from the Fund Actuary following the 2022 Actuarial Valuation data submission.

- Failure to secure value for money through managing contracts with third parties has been moved from amber to green following completion of the Pension Fund's custody contract following competition and the appointment of Northern Trust.

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. The Business Plan included audit work planned over the next two years. Audit work completed and planned for the year is summarised in Appendix C.

6 Consultation, engagement and advice

- 6.1 N/A

7 Finance

- 7.1 An allowance for the Fund's administration expenses is included within employer contribution rates.

8 Risk implications and mitigations

- 8.1 Covered in main body of report and appendices.

9 Policy alignment and compliance

- 9.1 N/A

Tony Kirkham

Interim Director of Finance and Support Services

Contact Officer: Rachel Wood, Pension Fund Strategist, 033 022 23387, rachel.wood@westsussex.gov.uk

Appendices

Appendix A – Training Log

Appendix B – Risk Themes

Appendix C – Internal Audit Work Completed / Planned

Background papers

None

Recommended Training

None

Training Log

Hymans LGPS Online Learning Academy (LOLA) Training completed by 30 September 2022

It is considered that the Hymans LGPS Online Learning Academy (LOLA) meets the CIPFA framework, and all members of the Committee and Board have been asked to complete the LOLA training.

Hymans updated LOLA Module 6 – Current Issues in June to include sections on Climate Change and Task Force on Climate-Related Financial Disclosures (TCFD) and an Introduction to Cyber Risk.

Committee

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

Board

Module	Intro (1)	Govern. (2)	Admin (3)	Funding (4)	Invest. (5)	Current Issues (6)
Mr Scales	Complete	Complete	Complete	Complete	Complete	In Progress
Ms Caney	Complete	In Progress				
Mr Cohen	Complete	Complete	Complete	Complete	Complete	In Progress
Mr Curry						
Ms Kadwell	Complete	Complete	Complete	Complete	Complete	In Progress
Ms Martin	Complete	Complete	Complete	Complete	Complete	In Progress
Mr Walton	Complete	Complete	Complete			

Notes:

1. "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

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Appendix B-A

complete. No entry indicates that the materials within the module have not yet been accessed.

2. As Module 6 will be updated regularly it will only show as "In Progress".
3. All members of the Pensions Team have completed all LOLA modules.

LGA Fundamentals

The three sessions (online or in person) provide a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS.

Committee

Module	Session 1	Session 2	Session 3
Cllr Hunt		Complete	Booked
Cllr Condie	Booked	Booked	
Cllr Dennis	Complete	Complete	Complete
Cllr Elkins			
Cllr Jupp	Complete	Complete	Complete
Mr. Kipling			
Mr Stretton			
Cllr Turley	Booked	Booked	Booked
Cllr Urquhart			
Mr Wilding	Booked	Booked	Booked

Board

Module	Session 1	Session 2	Session 3
Mr Scales			
Ms Caney			
Mr Cohen			
Ms Kadwell	Booked	Booked	Booked
Ms Martin	Booked	Booked	Booked
Mr Scanes			

External Conferences

The following external conferences have been attended this year by Committee

Members:

	Event	
Cllr Hunt	Secure Income & Infrastructure Investment for Pension Funds	April 22
Cllr Condie	LGPS Live - Inflation is making headline news	June 22
	LGPS Live – Pitfalls of Governance	Sept 22
Cllr Urquhart	PLSA LGPS Conference	June 22

Internal Training

The Committee and Board received internal training on actuarial matters and the Committee received internal training on fund manager equity strategies. Committee and Board members were also invited to attend the RAAC Financial Statements Briefing which covered the Pension Fund accounts. It was attended by six Committee Members and five Board members.

Pensions Regulator Toolkit

Although this is a requirement for Board members, it is desirable that Committee members also complete the Toolkit to maintain parity. All Pension Advisory Board members and Mr. Stretton have completed all Pension Regulator’s Toolkit modules.

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Risk Themes

Ref	Risk Theme	Action / Update	Jul-22	Oct-22
RT4	<p>Insufficient funds to meet liabilities resulting in increased contributions required from employers or changing to a higher risk investment strategy.</p> <p>The Fund Investment Strategy is not appropriate to meet the Funds liabilities and cash flow requirements.</p>	<p>Carry out Asset Liability Modelling as part of the valuation to ensure current Investment Strategy is fit for purpose.</p> <p>Investments made into income generating assets.</p> <p>Size and pattern of contributions to feed into cashflow monitor and projections and rates are anticipated to reduce from 1 April 2023 for most employers.</p> <p>Expected increase in pension benefits from April 2023 reflecting September 2022 inflation.</p> <p><i>Theme description changed to acknowledge the importance of and changing nature of cashflow.</i></p>	Green	Amber
RT5	<p>Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the business plan.</p>	<p>Reviewing practices and processes to maximise efficiency.</p> <p>Number of high intensity projects currently on going that need to be balanced with BAU. Work underway to consider all work deliverable and put in place additional support if appropriate.</p>	Green	Green
RT6	<p>Poor quality data resulting in error and misstatement.</p>	<p>Positive feedback from Hymans on substantial improvements in data.</p> <p>Data improvement to be actively reviewed with feedback from Fund Actuary following valuation.</p>	Amber	Green
RT7	<p>Officer, Committee and Board knowledge and understanding resulting in poor decision making, disengagement on key issues and loss of professional investor status.</p>	<p>Training provision reviewed and amended to reflect membership of Committee, Board and needs of officers.</p> <p>External training (Hymans LGPS Online Learning Academy) purchased.</p>	Amber	Amber
RT9	<p>Failure to secure value for money through managing contracts with third parties (excludes Asset Pooling)</p>	<p>Appropriate review and market tests in place for contracts managed by the Pension Fund.</p>	Amber	Green
RT11	<p>Conflict of interest for members and employers</p>	<p>Specific Pension Fund Conflict of Interest Policy will be required following implementation of Scheme Advisory Board Good Governance project.</p> <p>Consultation on guidance expected in the late autumn/winter 2022.</p>	Green	Green

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Ref	Risk Theme	Action / Update	Jul-22	Oct-22
RT12	Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations.	Government white paper setting out requirement for all schools to become academies by 2030. Whilst the number of members may not change in the short term, an additional (potential) 200 schools over the next eight years would increase the administration requirements of the Fund. The County Council (as the main employer in the Fund) would also see a reduction to its active membership. Known changes to employers and payroll providers being monitored by officers.	Red	Amber
RT13	Cybercrime resulting in personal data for members being accessed fraudulently.	Officers are taking appropriate advice in considering how risk can be managed/mitigated. Liaising with internal IT team and external providers to understand procedures in the event of cyber-attack.	Red	Red
RT14	Fund not able to implement changes required because of McCloud judgement due to insufficient resources, incomplete information held by employers and continued delay from Government on remedy.	Awaiting Government consultation on remedy. Expected in the late autumn/winter 2022. Team proactively working with software providers and employers to upload data available in readiness for Government regulations.	Amber	Amber
RT15	Ability of asset pool to allow participating authorities to execute their locally decided investment strategies.	All liquid assets are now invested via the ACCESS Authorised Contractual Scheme (ACS). Approach for illiquid assets is being developed by the Joint Committee. Consultation on pooling expected in the late autumn/winter 2022.	Amber	Amber
RT16	Political environment (locally or nationally) impacts on funding and/or investment strategy	Full impact of Public Service Pensions and Judicial Offices Bill and Levelling Up white paper is difficult to quantify until further information/guidance is received from Government and Scheme Advisory Board. This is unlikely to be received until the late autumn/winter 2022. Awaiting changes to Regulations on Exit Cap, McCloud etc.. Expecting consultation in the late autumn/winter 2022.	Amber	Amber
RT17	Reliance on one contract for majority of investment management.	Potential sale and ongoing FCA investigation in relation to Link Fund Solutions being closely monitored.	Amber	Amber

Internal Audit Results / Planned Activity

Those previously reported to the Pensions Committee are *shown in italics*.

Key Area	Update
National Fraud Initiative: Full exercise undertaken October 2020 and completed within 6 months and to be undertaken again in October 2022.	The data for the 2022/23 NFI is currently being uploaded to the Cabinet Office with matches expected early in 2023. Due by 31 March 2023.
Pension Transfers: To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes managed by HPS.	<p>This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following:</p> <ul style="list-style-type: none"> • Roles and responsibilities are clearly defined and supported by policies and procedures. • All transfers are supported by appropriate documentation, processed promptly and accurately once all necessary checks have been completed in line with legislative requirements. • All transfers are to legitimate schemes and have been appropriately authorised. • Pension contributor's record is appropriately updated to reflect transfer action and ensure the correct future benefits are received. • There is evidence that the member has understood the risks of transferring out of the scheme. <p>A substantial assurance opinion was given.</p>
Member Deaths: To provide assurance that systems and processes ensure that any payments related to deceased members are calculated correctly and paid promptly to the correct recipient, with the risk of overpayments minimised.	Scoping completed and testing in progress.
UPM - Cyber Security: To provide assurance over the Cyber Security arrangements for the Pension Administration (UPM) application	Due by 31 March 2023

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 with all changes to on-going pensions being accurate and timely.</p>	<p>Due by 31 March 2023</p>
<p><i>Pensions, payroll and benefit calculations:</i> 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><i>This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following:</i></p> <ul style="list-style-type: none"> • <i>Only valid pensioners and pensions are paid.</i> • <i>Pension benefit calculations are correctly calculated and set up on UPM.</i> • <i>Changes to payroll, including bulk data uploads are valid, authorised, timely and accurate.</i> • <i>Payrolls are run accurately, completely and at the correct time.</i> • <i>Payments are recorded promptly and accurately in the main accounting system.</i> • <i>Payroll deductions are paid over to relevant bodies accurately and promptly and are accounted for correctly.</i> <p><i>A substantial assurance opinion was given.</i></p>
<p>Treasury Management: Cash flow is adequately planned, with surplus monies invested in line with the Council's Treasury Management Strategy.</p>	<p><i>This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following:</i></p> <ul style="list-style-type: none"> • <i>Treasury management arrangements are formalised through effective strategies, policies, and procedures.</i> • <i>Investment and borrowing decisions are documented and approved, and related transactions are recorded, monitored, and accounted for correctly.</i> • <i>Management information enables effective monitoring and reporting of treasury</i>

Key Area	Update
	<p><i>management performance against the treasury management strategy objectives.</i></p> <p><i>A substantial assurance opinion was given.</i></p>

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Report to Pensions Committee**2 November 2022****Pension Administration****Report by Director of Finance and Support Services**

Summary

On 30 September 2022, the Scheme had 90,664 members and 215 employers actively contributing.

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. 100% compliance with key performance indicators has continued (this has been the case for the past 35 months). In addition the following are highlighted:

- 38.1% of members have now registered to use the Member Portal which allows access to Annual Benefit Statement, the ability for a member to run retirement estimates and the opportunity to update personal details.
- 73.0% of employers are registered onto Employer Portal which facilitates the submission of data to the team and allows employers to run early retirement estimates for their employees.
- All deferred and 99.4% of active Annual Benefit Statements were published by the deadline of 31 August 2022.
- Based on the end of year returns from employers, no employer was rated red by the administration team for for timeliness, financial control and data quality and sixty employers were green across categories.
- All required Pension Saving Statements were produced (84) by the statutory deadline of 6 October 2022.
- Most data sets have been received from employers to allow the team to update membership records following the McCloud judgement continues. The team have started to load these onto the pension administration system.
- Work is ongoing to adhere with the expected requirements for the Pensions Dashboard from September 2024.

Recommendation:

The Pensions Committee notes the report

1 Background and context

- 1.1 Hampshire County Council provides the Pension Administration Service for West Sussex County Council. The administration team work closely with the West Sussex Pensions Team.
- 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 reporting.

2 Membership and employer movements

- 2.1 On 30 September 2022 the Scheme had 84,923 members as analysed below.

	30-June-22	30-Sept-22	Movement
Active	25,785	25,353	-1.7%
Deferred	35,368	36,054	1.9%
Pensioner	23,269	23,516	1.1%
Total	84,422	84,923	0.6%

- 2.2 In addition, there are 5,741 records classified as 'preserved refunds'. Preserved refunds relate to those leaving the scheme (primarily) before reaching a two year 'vesting period' threshold and therefore do not qualify for deferred benefits. A project is being scoped to provide options to those with preserved refunds in the Scheme.

- 2.3 On 30 September 2022 the Scheme had 316 employers. During the quarter no employers ceased. Two admissions are in progress with the team.

Employer Status	30-Sept-22
Active	214
No active members	102
Total	316

3 Administration Activity

- 3.1 Appendix A has been included which shows LGPS contributions received over the period (up to August 2022 payroll), casework performance, complaints and portal access.

4 Annual Tasks

End of Year Returns

- 4.1 As reported at the last Pension Committee, all 201 employers who needed to provide an annual return had returned their data. The team continue to engage with the employers who have outstanding queries.

- 4.2 As in previous years, the administrative team have reviewed employer performance during the annual return process for timeliness (whether the return was received by the deadline of 30 April, by 31 May, or later), financial control (no, minor or major reconciliation issues) and data quality (no, minor or major reconciliation issues).

Timeliness	Financial Control	Data Quality
71% of returns required from employers were received before the deadline of 30 April. (2020/21: 85%)	89% of returns from employers had no reconciliation issues. (2020/21: 88%)	43% of returns from employers had no or very minor data quality issues. (2020/21: 55%)
29% of returns from employers were received between 1 May and 31 May. (2020/21: 15%)	10% of returns from employers had minor reconciliation issues which were quickly resolved. (2020/21: 9%)	33% of returns from employers had some minor data quality issues. (2020/21: 28%)
No returns were received more than a month late (2020/21: 1%)	1% of returns from employers had major reconciliation issues and/or slow/failed to respond. (2020/21: 3%)	24% of returns from employers had major data quality issues (more than 5 queries or 5% of membership). (2020/21: 17%)

- 4.3 The following points are highlighted:

- There were 1,158 data queries across all employers (2020/21: 1,210 and 2019/20: 3,881).
- One employer had 'significant concerns' in more than one category.
- Sixty employers were given a 'no issues' status across all categories (timeliness, financial control and data quality), which represents 30% of employers (2020/21: 33% and 2019/20: 27%).

Annual Benefit Statements

- 4.4 By 31 August 2022, all 34,768 deferred and 99.4% active Annual Benefit Statements had been published. Work is ongoing to resolve issues to publish the remaining 173 active Statements before 31 December 2022 if possible.

Pension Savings Statement

- 4.5 As at the statutory deadline of 6 October 2022, all required Pension Saving Statements were produced (84). The statement is sent to members who have exceeded the annual allowance and shows the growth in a member's pension benefits in the Scheme and test this against the annual allowance.

5 Project Work

McCloud Data Collection

- 5.1 Employers are statutorily required to provide extra data (hours worked and service breaks) for all members in the Scheme between 1 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. The team originally requested returns from employers for data to 31 March 2021. This has now been supplemented with a request to cover 1 April 2021 to 31 March 2022. The table below summarises progress:

Data Set	1 April 2014 – 31 March 2021	1 April 2021 – 31 March 2022
Deadline	30/06/2021	30/06/2022
Data Sets Received / Required	204 / 213	179 / 213
% of In Scope Membership	94.1%	93.2%
Loading of Data		
Data Sets Loaded onto Administration System / Required	14/213	0/213
% of In Scope Membership	6.6%	0.0%

Dashboard

- 5.2 At the start of 2022, the Department for Works and Pensions (DWP) consulted on draft Regulations to establish Pension Dashboards. Pension Dashboards will allow individuals to go to a single website and receive details of all the pensions they hold across UK pension providers, including public sector schemes.
- 5.3 By 30 September 2024 the Pension Fund must be able to connect to the dashboard and respond to data requests, although dashboards will not be live and available to individuals until the majority of pension providers have connected. Data requests can come in the form of:
- “find requests” which match dashboard users with a pension membership and are made to all schemes each time any individual uses the dashboard o
 - “view requests” which are made if a user is matched to a membership held by the Pension Fund, with pension information then being passed back to the dashboard for the individual to view.
- 5.4 The Annual Benefit Statement information will be sufficient for the majority of “view requests”. However there will be cases where members join in the year and have not yet had a benefit statement produced or no statement has been run because of missing information from employers. These cases will need to be run by the administration team within the 10 day turnaround expectation set by the Regulations. If the reason for the absence of a statement is due to the

employer not having met their responsibility to provide timely and accurate data to the Fund, this turnaround may be challenging.

- 5.5 To facilitate the interaction the Pension Fund will need to connect to the Dashboard via an Integrated Service Provider (ISP). The ISP will hold a copy of the membership data held on the administration system (UPM) in order to provide the Find and View information to the dashboard on demand. There will be a new annual cost, which we will shared by the administration team across all Partners.
- 5.6 The ongoing resource required to support the Fund in meeting its obligations with regards Dashboards cannot be clearly estimated at this point. This is because the technical solutions are still in their infancy and whilst it is anticipated that the data flows will be largely automated, this cannot be guaranteed. It is also not clear what level of take up there will be and therefore how many requests for information are received, given that scheme members currently receive annual information about their benefits.

6 Application of Administering Authority Discretions

- 6.1 The rules of the Local Government Pension Scheme (LGPS) are set out in the LGPS and associated statutory Regulations. However there are some provisions which are discretionary. Discretionary powers allow an Administering Authority, such as the County Council on behalf of the West Sussex Pension Fund, to choose how, or if, they apply certain provisions of the Scheme. No discretions have been applied over the first six months of the year.
- 6.2 In addition there are some administration processes which are not formal discretions but are still disclosed to the Pensions Committee as they are considered to be more exceptional. The Committee received information at its meeting in July 2022 about the checks and processes in place for due diligence when dealing with pension transfer requests. At the time all transfer requests received had been for a Public Sector Pension Scheme, an authorised Master/Trust scheme on the Pensions Regulator's published list or an authorised Money Purchase Scheme. Over the last quarter two requests did not fulfil these initial due diligence checks and were therefore referred to the Director of Finance and Support Services for consideration.

7 Breach Reporting

- 7.1 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. These relate to information being sent to an incorrect address. The Pensions Team have been reminded to ensure any outstanding change of address notifications have been updated to a members records before sending out any correspondence.
- 7.2 The compliance with the Statutory deadline to publish Annual Benefit Statements by 31 August each year is being considered in relation to active Statements and whether there is a need to notify the Pensions Regulator.

8 Other options considered (and reasons for not proposing)

- 8.1 N/A

9 Consultation, engagement and advice

9.1 N/A

10 Finance

10.1 N/A

11 Risk implications and mitigations

11.1 Risks associated with this report are covered within the Business Plan agenda item.

12 Policy alignment and compliance

12.1 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.

Tony Kirkham

Interim Director of Finance and Support Services

Contact Officer: Tara Atkins, Principal Pensions Consultant, 033 022 28787, tara.atkins@westsussex.gov.uk

Appendices

Appendix A - Administration Activity

Background papers

None

Administration Activity

Administration Activity

Key Performance Indicators

The analysis below shows performance of the administration team in relation to key processes over the past 12 months. The bold line shows the KPI target. To pattern of cases over the year is shown on the right hand side.

This casework 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).

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	Total	Dec 2021	Mar 2022	Jun 2022	Sept 2022
Active Retirement	150	88	159	0	0	397	102	56	114	125
Deferred Retirement	154	159	424	0	0	737	140	172	203	222
Estimates	149	217	1,762	0	0	2,128	464	507	563	594
Deferred Benefits	152	65	152	298	3,043	3,710	843	947	908	1012
Transfers In & Out	15	12	56	0	0	83	27	21	19	16
Divorce	21	24	127	0	0	172	58	42	40	32
Refunds	213	241	73	0	0	527	121	136	120	150
Rejoiners	25	17	37	156	0	235	63	48	72	52
Interfunds	30	62	295	0	0	387	97	82	109	99
Death Benefits	278	52	69	0	0	399	93	106	77	123
Total	1,187	937	3,154	454	3,043	8,775	2,008	2,117	2,225	2,425

Work in Progress

The Administration Performance does not reflect work in progress which is with the team, employers, members or other third parties. The analysis below shows casework in progress at 30 September 2022 in relation to key processes.

	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	5	14	3	0	0	0	22
Deferred Retirement	12	19	5	2	3	1	42
Estimates	48	155	35	11	9	2	260
Deferred Benefits	26	223	76	25	76	19	445
Transfers in / out	4	0	1	0	0	0	5
Divorce	6	15	2	0	0	0	23
Refunds	11	19	0	0	0	0	30
Rejoiners	7	6	3	6	0	0	22
Interfunds	9	14	5	3	1	0	32
Death Benefits	10	3	1	5	3	14	36
Total	138	468	131	52	92	36	917
Previous quarter (total)	73	87	254	19	237	0	670

Portal access

The table shows registrations to the Member Portal (which allows members to view their Annual Benefit Statement, produce retirement estimates and to access and update their personal details) and Employer Portal (which allows them to submit data on starters/leavers and run estimate). Also included are the number of log in to the Member Portal over the quarter.

		Registration 30-Jun-22	Registration 30-Sept-22	No. Log In Jul 22	No. Log In Aug 22	No. Log In Sept 22
Active	Registered	11,432	11,900	2,336	3,577	3,912
	Opt out of online	169	163			
	No Response	14,184	13,290			
Deferred	Registered	10,546	11,305	3,365	1,722	212
	Opt out of online	193	206			
	No Response	24,629	24,543			
Pensioner	Registered	8,672	9,183	1,250	1,220	245
	Opt out of online	6,024	6,087			
	No Response	8,573	8,246			
Total	Registered	30,650	32,388	6,951	6,519	4,369
	Opt out of online	6,386	6,456			
	No Response	47,386	51,820			
Employers	Registered	156	157			
	% of employers	73.2%	73.02%			

Call and email volumes

The analysis below shows the call and email volumes received by the administration team over the quarter.

Month	Jul-22	Aug-22	Sep-22	Total
Calls received	521	506	490	1,517
Calls answered	516 (99%)	498 (98%)	481 (99%)	1,495 (99%)
Average wait time	73 seconds	61 second	72 seconds	-
Emails	599	494	788	1,881

Contribution Monitoring

All LGPS contributions are expected to be received by the Fund on the 22nd of each month following deduction. The analysis below shows performance of employers.

Month	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Total Active Employers	212	213	214	215	215
Fully compliant	204	201	206	199	191
Partially complaint – late remittance	7	7	6	12	11
Partially complaint – late payment	1	5	2	4	13
Not complaint – late remittance & payment	0	0	0	0	0
Total Value of Late Payments (£)	35,133	70,326	994	3,028	8,871
Number of Late payments still outstanding	-	-	-	-	-
Total Amount Still overdue (£)	-	-	-	-	-
Overdue Amount as a % of total contributions	-	-	-	-	-

Complaints and Compliments

Over the quarter the team received eight compliments, with 23 compliments over the previous 12 months.

The analysis below shows complaints received over the past 12 months. Officers consider lessons learnt and any service improvements to be implemented following the receipt of a complaint.

	No.	Resolved / Ongoing	Stage resolved
Response Time in relation to time take to provide a pension estimate, a Cash Equivalent Transfer Value (CETV) and process a trivial commutation.	3	Resolved	All Stage 1
Error in estimated pension figures which were updated when finalised, caused by incorrect added years contract and a duplicate transfer credit	2	Resolved	All Stage 1
Information provided which the member indicated did not sufficiently inform them about the impact of combining pension records.	1	Resolved	All Stage 1

**Key decision: Not applicable
Unrestricted**

Pension Advisory Board

14 November 2022

Communication Strategy

Report by Interim Director of Finance and Support Services

Summary

The terms of reference for the Pension Advisory Board includes consideration of the effectiveness of communication with employers and members including the Communication Strategy as part of the Pension Advisory Board's functions.

Recommendations

- (1) That the Board note the schedule of Communications drawn from the Communication Policy Statement
 - (2) That the Board feedback on the Communications presented at the meeting
-

Proposal

1 Background and context

1.1 The Pension Fund maintains a [Communication Policy Statement](#) which reflects:

- the LGPS Regulatory requirement to maintain a Statement concerning how the Pension Fund communicates with its broad range of stakeholders (members, representatives of members, prospective members and Scheme employers)
- the Pension Regulator's Code of Practice 14 which refers to necessary communications and their content.

1.2 By reviewing communications on a regular basis the Board will be fulfilling their role in considering the effectiveness of communication with employers and members and any future activities, compliance with the Communication Policy Statement, Regulations, Guidance or best practice and assisting with its knowledge and understanding of the Scheme.

2 Communication Strategy

- 2.1 Appendix A describes how the communications referred to within the Communications Policy Statement have been delivered in practice. The relevant communication for the period has been included in Appendix B.

Tony Kirkham

Interim Director of Finance and Support Services

Contact: Rachel Wood, Pension Strategist, 033 022 23387

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Appendices

Appendix A - Description and Calendar of Communication Deliverables

Appendix B – Communications for the relevant period

Appendix C – Annual Benefit Statement Template

Background papers

None

Description and Calendar of Communication Deliverables

The "Future Activity" column has been updated since the Board met in September 2022. Other changes since the Board last met are highlighted as **bold** text.

	WSCC's Role	Admin Team Role	Future Activity	How often it should be reviewed	Previous PAB review date	Next date for PAB review
Actuarial Valuation meetings	Agenda and content in line with Fund Actuary.	Attend as required	The Funding Strategy Statement has been circulated with all employers for their comments and employers have been invited to attend a meeting to discuss results (1 November).	Triennially	N/A	N/A
Annual General Meeting	Lead	HCC provide an update on performance (HCC and Employer)	Consideration will be given to arrangements to engage with employers going forwards.	Annually	N/A	07/2023
Annual newsletter for pensioners	Feedback on template	Draft template and sign off following WSCC feedback	The team will undertake a review of format and content in advance of the 2023 Pensioner newsletter.	Annually	02/2022	02/2023
Annual Benefit Statements	Feedback on template	Draft templates and sign off following WSCC feedback	The Annual Benefit Statement template and communication was agreed for publication prior to the 31 August 2022 deadline. Future communications will be developed to support the publication of these Statements and registrations to the Member Portal.	Annually	11/2022	11/2023
Early retirement scenarios costings as requested	Provide HCC with revised factors when required.	HCC calculate as per normal processes on receipt of an authorised Employer Initiated Retirement Form (EIRA). Information is also available via the Employer Hub.		Ongoing	N/A	N/A
Employer newsletters (Employer Matters)	Feedback on template	Draft template and sign off following WSCC feedback	Updates will continue to develop based on feedback from all parties.	Quarterly	09/2022	02/2023
Employer workshop sessions	Feedback on proposed content	Draft content and sign off.	Training to employers on payroll matters and organisational change are planned in December 2022.	Biannually	N/A	N/A
Focus group meetings	Feedback on agenda.	Draft agenda and content	The next Focus Group session is planned for 23 November 2022. The agenda is TBC.	Biannually	02/2022	02/2023
Latest news updates (specific topics, changes to the regulations)	Sign off of content when comms specific to West Sussex.	Website updates. West Sussex specific communications would be drafted, and template shared for feedback/sign off.	Monthly Correspondence Meetings continue to be held.	Ongoing	11/2022	02/2023
Online publication of payslips	Feedback on changes to content, when applicable.	Template agreed and changes will be made where necessary. Payslip production following monthly pensions payroll.		Ongoing		

	WSCC's Role	Admin Team Role	Future Activity	How often it should be reviewed	Previous PAB review date	Next date for PAB review
Pensions Savings Statements	Feedback on template	Draft templates and sign off	Statement to members who will exceed annual allowance will be provided by the Statutory deadline. There were no changes to the Statement for 2021/22 but changes are expected in 2022/23 to reflect members who <i>may</i> breach allowance thresholds being provided with a Statement (currently the requirement is to provide a Statement to those who <i>do</i> breach the allowance threshold).	Annually	11/2022	11/2023
Portal (Member and Employer)	Feedback on content/messages displayed	Maintain and update functionality / content as necessary.	<p>Installation of online identification and verification (ID&V), to support the Life Certificate process for overseas pension members, is due to be scheduled this month.</p> <p>A new aggregation module has been put on hold and will now be installed into UPM, in the next quarter, for the back office to streamline cases where their records need to be combined.</p> <p>A GDPR module is being installed into the UPM test environment in the next quarter. The module will support extraction of documents for data subject access requests and automate bulk deletion of records in line with data retention policies.</p>	Ongoing	N/A	N/A
Pre-Retirement course	Learning and Development run the pre-retirement course, this is advertised on their pages.	N/A		Ongoing	N/A	N/A
Requesting feedback from customers as part of the Customer Services Excellence accreditation.		HCC request from relevant parties including via email signature, training surveys sent to employer training attendees and complaints/compliments reporting	<p>Training surveys</p> <p>Reporting of complaints and compliments</p>	Ongoing	N/A	N/A
Stop Press publications	Feedback/sign off if West Sussex specific.	Draft content and make WSCC aware of stop press.	Updates continue to develop based on feedback from all parties.	Ongoing	11/2022	02/2023
Training for small groups	Propose appropriate sessions	Draft content and sign off		Ongoing	N/A	N/A
Training on provision of end of year member data, including the completion of the appropriate data capture spreadsheet.	Feedback on content	Draft content, provide to WSCC for feedback and sign off.	Annual Return workshops will be held with Employers in early 2023 to help them with their annual submission.	Annually	N/A	N/A
Website	Review at least annually and feedback on content on as required basis.	Maintain and review content of website as necessary.	Website content and links will be kept under periodic review in line with changes.	Ongoing	N/A	N/A

Communications for the relevant period

Latest news updates (specific topics, changes to the regulations)

Employer News

One news article was published in the period.

- [Stop Press - Annual Benefit Statements](#)

Member news

Three news article was published in the period.

- [Concerned about your pension savings?](#)
- [Rising Cost of Living](#)
- [Annual Benefit Statements 2022 – Active Members](#)
- [Annual Benefit Statements | Notes](#)

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Annual Benefit Statement Template



West Sussex Pension Fund

Administered by

Hampshire Pension Services

Issue Date August 2022

Your Local Government Pension Scheme (LGPS) 2022 annual benefit statement

Welcome to your 2022 annual benefit statement. It gives you details of your pension benefits, calculated at 31 March 2022. See below for a summary of your pension benefits. The remainder of the statement provides more detail on how your pension benefits have been calculated.

Your Personal Details

Name:	
Date of Birth:	
National Insurance Number:	
Employer:	
Pay reference:	

Summary of your benefits

Estimated benefits at 31 March 2022 (Details in Section 1)

Standard annual pension:	£
Automatic lump sum:	£
Surviving partner's annual pension:	£

Projection of your benefits to your Normal Pension Age (NPA) (Details in Section 2)

Standard annual pension:	£
Automatic lump sum:	£

The rest of this document provides information on how this has been calculated and provides details on exchanging pension for lump sum.

The above summary is based on you meeting the two year vesting period. For more information, please see our website.

Important information

You will receive a separate statement for:

- any other jobs in which you also contribute to the LGPS,
- previous deferred pensions if they have not been combined with this pension,
- any Additional Voluntary Contributions you have also paid in the year.

All the calculations are based on the information that we hold on our records. This statement will be inaccurate if this information is wrong. Please check the details on this statement to ensure that the information we have used is correct.

This statement is for illustration purposes only and does not commit to payment on this basis. You should not use this statement to make any retirement decisions.

Please read the additional notes to accompany this statement on our [website](#).

Local Government Pay Award – April 2021

We are aware that the Local Government pay award for April 2021 has recently been agreed. If you are impacted by this, please note the following information about your LGPS pension.

If your employer amended your pay before 31 March 2022, this should be reflected in your annual benefit statement this year.

If your employer amended your pay after 31 March 2022, this will be reflected in your 2023 annual benefit statement.

1. Your estimated benefits built up to 31 March 2022

This section shows the estimated value of the pension benefits you have built up to 31 March 2022. This value is calculated as if you left the scheme on 31 March 2022 and assumes you will not take your pension until your normal pension age (NPA).

If you claim your pension before your NPA, reductions will be applied to your pension benefits. You can run an online estimate using our Member Portal if you wish to see the effect of the reductions on your chosen retirement date.

A breakdown of these benefits is shown in section 4.

Estimated benefits at 31 March 2022	
Standard annual pension:	£
Automatic lump sum:	£
Surviving partner's annual pension:	£

2. Projection of your benefits to NPA

This section shows a projection of the benefits that you would build up in the LGPS if you remain an active member up to your NPA, and:

- is based on your pensionable pay to 31 March 2022,
- does not include CARE pension revaluation after 31 March 2022,
- assumes your pay will remain constant to your NPA,
- assumes you remain in the section of the scheme you were in at 31 March 2022,
- does not include any AVC options (if applicable).

If this section shows £0.00 for all benefits then you have passed your NPA, and you should use the information shown in section 1.

Your NPA:	
Benefits with no pension exchanged for lump sum	
Standard annual pension:	£
Automatic lump sum:	£
Benefits with maximum pension exchanged for lump sum	
Reduced annual pension:	£
Maximum lump sum:	£
Projected surviving partner's pension	
Annual pension of:	£

3. Death grant lump sum

This section shows what death grant lump sum would be payable if you die while contributing to the scheme.

Death grant lump sum:	£
-----------------------	---

Your Death Grant Expression of Wish

If you have completed a death grant expression of wish form, the details of who you wish to receive any death grant lump sum can be viewed through our Member Portal. You can provide a death grant expression of wish or update an existing one on the Member Portal.

4. Your pensionable pay, membership and pension benefits

This section provides information on how your estimated benefits have been calculated. It is important that you check this information carefully as if it is not accurate, your benefits will be incorrect.

4a) Your pensionable pay and membership

The LGPS changed on 1 April 2014 from a final salary scheme to a Career Average Revalued Earnings (CARE) scheme. Pension built up before this date is based on your membership to 31 March 2014 and your final pay (which is the average pensionable pay over your final year).

The pay and membership used in the estimate of your benefits is shown below. The pay figures used were provided by your employer.

Your pensionable pay figure for your benefits up to 31 March 2014 is based on:

- full time pay even if you work part time,
- the amount defined as pensionable, not necessarily what you earn,
- an average for the year, to take into account pay increases or decreases.

Membership awarded from a transfer in before 1 April 2014 or membership arising from a "Club" transfer is included.

You can view and check your service record via our Member Portal. Please see our website to register or log in.

Pay and membership for benefits up to 31 March 2014

Pensionable pay:	£
Membership (to 31 March 2014 only)	
Pre 1 April 2008 (years/days):	
1 April 2008 – 31 March 2014 (years/days):	

Your CARE pay figure is based on your pensionable pay during 2021/22, including contractual and non-contractual overtime and any additional hours you worked.

In order to ensure the accurate calculation of your benefits, **you must check** that your CARE pay is correct. You may lose the right of appeal if you fail to identify any inaccuracy within 6 years as your employer may no longer hold their original records. If you believe your CARE pay is incorrect, **please contact your employer.**

CARE pay from 1 April 2021 to 31 March 2022

CARE pensionable pay (main section):	£
CARE pensionable pay (50/50 section):	£

4b) A breakdown of your pre April 2014 pension benefits

Your benefits in the LGPS before 1 April 2014 are based on your membership in the scheme up to 31 March 2014 and your final salary when you leave the scheme.

- For membership built up to 31 March 2008 you receive a pension of 1/80th of your final pay plus an automatic tax free lump sum of 3/80th of your final pay.
- For membership built up from 1 April 2008 to 31 March 2014, you receive a pension of 1/60th of your final pay. There is no automatic lump sum.

Benefits to 31 March 2014	
Automatic lump sum:	£
Pre April 2008 (80 ^{ths}) pension:	£
1 April 2008 – 31 March 2014 (60 ^{ths}) pension:	£
Additional pension purchased (ARCs):	£
Total pre April 2014 pension:	£

4c) A breakdown of your CARE pension calculation

From 1 April 2014, you build up pension at a rate of 1/49th of the amount of pensionable pay you receive each year (or half this rate (1/98th) for any period you elected to be in the 50/50 section of the scheme). This pension is added to your pension account which is then revalued on 1 April each year.

If you joined the scheme during the 2021/22 year, the balance built up to 31 March 2021 will be nil.

CARE pension was revalued at 0.5% on 1 April 2021. This is based on CPI in September 2020.

Balance built up to 31 March 2021	Pension revaluation on 1 April 2021	Total CARE pension added for 2021/22	Total annual pension to be revalued on 1 April 2022
£	£	£	£

The table below shows how your CARE pension for 2021/22 has been calculated:

CARE benefits from 1 April 2021 to 31 March 2022	
CARE (49 th) pension 2021/22:	£
CARE (98 th) pension 2021/22:	£
Transfers In buying pension (other than LGPS transfers):	£
Additional Pension Purchased:	£
Total CARE Pension:	£

Transfers in

Any transfers in from another LGPS fund, between 1 April 2021 and 31 March 2022, which awarded CARE pension will be included in the CARE pension shown. Any non LGPS transfers in this period will be listed under 'Transfers in buying pension'. Any transfers completed after 31 March 2022 will not show on this statement.

Deductions from your benefits

If you have elected for scheme pays, this is reflected in the pension benefits shown.

Pension Sharing orders

If you have a pension sharing order, the current benefits shown have been reduced to take account of the pension debit. For projected benefits, the breakdown of 80th, 60th or 49th pension has not been reduced. Please note, at retirement, pensions increase must be applied to your pension debit and therefore the amount you receive will actually be less than shown in the projected benefits.

5. Standard Lifetime Allowance (LTA)

The LTA is set by HM Revenue and Customs and is the amount of savings you can take from all your pension schemes without attracting a tax charge.

The LTA for 2021/22 is £1,073,100. If you take more than £1,073,100 from your combined pension savings, you may face a tax charge. There will be no increase to the LTA for five years from 6 April 2021. Please see the [Lifetime Allowance webpage](#) on our website for more information.

Standard LTA for 2021/2022:	£1,073,100
Value of LTA used in this membership:	£
Percentage of LTA used in this membership:	%

These figures represent the **standard** LTA. If you have specific LTA protections please let us know.

Keeping in touch

Please make sure to let us know if you move address. You can update your address quickly and easily using our Member Portal. See our website for details.

If you need to write to us, please quote your National Insurance number.

Email	pensions@hants.gov.uk
Phone	01962 845588
Address	Pension Services, The Castle, Winchester, SO23 8UB
Website	www.westsussex.gov.uk/pensions

Privacy notice

We use your details for processing your pension benefits. More details on how we ensure that this is kept secure can be found in our privacy notice available on our website.

Disclaimer

Every care has been taken in the compilation of this statement and every attempt has been made to present up-to-date and accurate information. However, we cannot guarantee that inaccuracies will not occur. In the event of any dispute over your pension benefits, the appropriate legislation will prevail.

Pension Services can give you information about your pension but we cannot give financial or tax advice. We are not allowed to advise you to take a particular course of action when a choice arises. Instead, you may wish to seek the assistance of an independent financial adviser or tax adviser. Some advisers may charge you for their services.

**Key decision: Not applicable
Unrestricted**

Pension Advisory Board

14 November 2022

Regulations and Governance Update

Report by the Chairman of the Pension Advisory Board

Summary

Members of the Pension Advisory Board (PAB) are required to maintain a suitable level of knowledge and understanding in relation to the Scheme Regulations and Guidance and should maintain their awareness of developments in the regulatory framework. This report provides a brief update on issues covered by the LGPC bulletins, by the Scheme Advisory Board at its meetings, by the Pensions Regulator, and by other guidance.

Recommendations

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

Proposal

1. Background and context

- 1.1. The Board receives updates on regulatory changes at each meeting but has decided that access to the websites for the LGPS, the Scheme Advisory Board (SAB), and the Pensions Regulator (tPR) provides an additional and valuable source of information on the LGPS regulations and guidance, and to changes under consideration or consultation.
- 1.2. Reviewing current developments not only improves knowledge and understanding but also enables the Board to keep pace with these developments as they are considered by the officers and reported to the Pensions Committee.

2. LGPS Bulletins and regulations

- 2.1. Emails from the Local Government Association (LGA) announcing the issue of these Bulletins are forwarded to all Board members for early reference. Bulletins issued since the last meeting are:
- 2.2. August Bulletin 228, September Bulletin 229, and October Bulletin 230.

- 2.3. None of these Bulletins contained any matters of significance to the Board's activities and technical details about the administration of the Scheme are covered in the Administration Report where appropriate.
- 2.4. A review of these Bulletins gives an indication that the day-to-day work of regulating and administering local government pensions is continuing at the detailed technical level but overall policy decisions on Scheme governance are not progressing. Full details are available on the LGPC website (www.lgpsregs.org) under "LGPC Bulletins". Other changes or potential changes to the regulations are addressed in the Administration report on the agenda.

3. Scheme Advisory Board/DLUHC outstanding issues

- 3.1. The SAB last met on 10 October but a summary note of the meeting has not yet been published on their website. Details of the agenda for this meeting and other issues is available on their website www.lgpsboard.org.
- 3.2. There has been no further visible progress on the major governance developments in the pipeline, apart from the proposed Task Force on Climate-Related Financial Disclosures (TCFD) requirements. A policy consultation paper was issued by DLUHC on 1 September with responses due by 24 November. A response from West Sussex was considered by the Committee on 2 November and is reported to this Board meeting under Part II of the agenda.
- 3.3. As indicated to the Board previously, it is anticipated that there will need to be some updating of references in the regulations to CIPFA guidance following the disbandment of the CIPFA Pensions Panel and the creation of the SAB's Compliance & Reporting Committee. The development of new and revised guidance is a key area for the Board to consider in terms of compliance.
- 3.4. It is relevant therefore for the Board to consider the actions of this Committee and a copy of their workplan is attached as **Appendix A** for ease of reference. In addition, an extract from the Committee's report to the SAB on 10 October is attached as **Appendix B**.
- 3.5. Some key points to note are:
 - CIPFA is engaging Isio (formerly KPMG Pensions) to contribute to the process of revising guidance.
 - Guidance will continue to be issued with the CIPFA 'badge' but under the auspices of the SAB Committee.
 - Future guidance will be issued free of charge.

- 3.6. A full copy of the report is available on the SAB website and this includes details of the various workstreams that have been set up.

4. The Pensions Regulator

- 4.1. The new combined Code has still not been published. It is not clear when this will now come into force or the precise implications for the LGPS. Further guidance on this from SAB and/or DLUHC may be forthcoming in due course.

5. Other options considered (and reasons for not proposing)

- 5.1. N/A

6. Consultation, engagement and advice

- 6.1. N/A

7. Finance

- 7.1. N/A

8. Risk implications and mitigations

- 8.1. **Failure of Board members to maintain a suitable level of knowledge and understanding** – By having this report as a standing item for each Board meeting, members are kept abreast of developments.

- 8.2. **New training requirements imposed on the Board in relation to compliance testing** – monitoring new developments in this way should identify potential new requirements at an early stage.

9. Policy alignment and compliance

- 9.1. Integral part of agreed training strategy.

Peter Scales

Chairman of the Pension Advisory Board

Contact Officer: Adam Chisnall, Democratic Services Officer, 033 022 28314
adam.chisnall@westsussex.gov.uk

Appendices

Appendix A – SAB's Compliance and Reporting Committee Workplan

Appendix B – An extract from the report of the Compliance & Reporting Committee to the Scheme Advisory Board meeting on 10 October

Background papers

None

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Compliance and Reporting Committee

Draft Workplan 2022/23

1. The draft workplan set out below comprises three separate sections, namely:
 - Those workstreams where work by the committee could commence immediately;
 - Those workstreams where work by the committee cannot commence immediately because they are contingent on actions to be taken later in the year by external parties, and
 - Those workstreams that are initiated solely by CIPFA.

Section 1

2. The following workstreams were agreed by the committee when it met on the 9th May.

Funding Strategy Statement Guidance Update

3. Under Regulation 58(4) of the 2014 scheme regulations in preparing, maintaining and reviewing the statement, <https://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php> the administering authority must have regard to the guidance set out in the document published in October 2012 by CIPFA "Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme 2012".
4. The 2022 triennial valuations are underway, with new rates and adjustments certificates coming into force on the 1st April 2023. Fund valuations are therefore well advanced and it is doubtful whether a full review of the existing guidance would be completed in time for it to add any value to the 2022 triennial valuation.
5. However, this does not detract from the need for the existing guidance to be reviewed and, where necessary, improved and updated. On that basis the committee recommends that work on revised guidance should commence immediately even if it may not have any practical impact until the 2025 triennial valuation. The committee doesn't rule out the possibility that an early draft version of the revised guidance could have a limited impact on the 2022 triennial valuation.
6. In taking this work forward the committee will undertake a major review of the existing CIPFA guidance and in addition will take on board any new elements that it considers to be relevant, for example, cash-flow levels and their management.

Annual Report Guidance

7. Under Regulation 57(3) an administering authority is required to prepare, publish and maintain its pension fund annual report having regard to guidance issued by the Secretary of State. In this case, publication of the guidance was delegated to CIPFA who published "Preparing the Annual Report" in March 2019.

8. For several years the statutory deadline of the 1st December for the preparation and publication of pension fund annual reports has been missed by a significant minority of administering authorities. It is claimed that one cause of the delay is main local authority accounts, of which pension fund accounts form part, not being signed off in time. It is also claimed by some administering authority that the effort and resources required to publish annual reports cannot be justified given the limited use they are put to. These issues have a knock-on effect to the preparation and publication of the SAB scheme annual report which aggregates the individual annual reports from each administering authority.

9. In reviewing the existing CIPFA guidance the committee will take on board concerns around capacity and resources and consider whether the regulations governing the content and how the annual reports are to be published remain fit for purpose and whether they can be simplified to ease pressure on resource-stretched administering authorities.

10. Target date for publication of the revised guidance will be March 2023 to assist in the preparation and publication of 2022/23 annual reports that will need to be completed by the 1st December 2023.

Audit Issues

11. The committee proposes to investigate further the delays in main local authority accounts being signed off and the consequential impact this has on pension fund accounts, pension fund annual reports and SAB's scheme annual report.

12. In taking this work forward the committee will examine the scope for recommending that pension fund accounts should be separate for main local authority accounts and to measure the impact this will have on the availability of external audit companies.

13. The committee will also take evidence from the LGPS in Scotland and Wales where the switch has been made to separate pension fund accounts.

14. As a first step the committee proposes to recommend to SAB that the Chair should write to the local government Minister confirming the committee's interest in this area and seeking collaborative working with the Department on this key issue.

Knowledge and Skills Framework

15. Despite a plethora of guidance from CIPFA, the Pensions Regulator and the FCA in the context of MIFID II on knowledge and skills the committee is aware that inconsistencies exist in the extent to which elected members sitting on pension committees and members of local pension boards are acquiring and maintaining a level of knowledge and understanding to comply with industry standards and at times, statutory requirements such as MIFID II.

16. In taking this work forward the committee proposes to explore the scope for introducing a more robust framework both in terms of what level of knowledge and understanding is required and how such levels should be and monitored and reviewed. The committee will also examine the scope for moving to a single framework to avoid duplication and potential misunderstanding of requirements.

17. The committee also proposes to specifically clarify the level of knowledge and understanding required of elected members on pension committees to resolve that long-standing claim that members of LGPS local pension boards are under a statutory duty to acquire knowledge and understanding whereas elected members are under no similar requirement. Further work will be undertaken to ensure effective implementation, monitoring and the sharing of best practice.

Communication on Pension Fund Accounting

18. The committee proposes to prepare a paper which explains the different accounting standards that can apply to pension fund accounts and how these compare and contrast with the standards and practice adopted by LGPS fund authorities.

19. This is felt to be necessary to explain to those outside of the scheme why accounting data in the LGPS is at variance with the corresponding data in other pension schemes, in particular, where accounting standard IAS19 is used in the private sector.

Review Guidance on Administration, Communications and Governance

20. The 2014 scheme includes a number of examples where administering authorities are required to prepare, publish and maintain policy statements on key issues like governance compliance, communication, administration and use of discretionary powers.

21. The committee proposes to review all such examples and examine the scope for simplifying and rationalising the number of policy statements that administering authorities are responsible for. In doing so, the committee will also seek to build on the existing regulatory framework and associated guidance to further improve best practice and achieve more consistency across the scheme.

22. In taking this work forward the committee will take account of the separate and ongoing work being undertaken by SAB and DLUHC on the good governance action plan.

Section 2

23. The following workstreams have been proposed by the committee but work on them cannot be commenced as they are contingent upon actions being taken by other parties, principally, by DLUHC on publication of their Autumn public consultations:

- TCFD reporting framework;
- Pooling guidance;
- Levelling Up;
- Boycotts, Divestment and Sanctions Bill, and
- CMA Order

24. The 2022/23 workplan agreed by SAB will be kept under review and updated where necessary to reflect when the above workstreams can be commenced.

Section 3

25. At present the committee has not been made aware of any specific area of work to be undertaken on CIPFA's behalf.

An extract from the report of the Compliance & Reporting Committee to the Scheme Advisory Board meeting on 10 October

Chair's Report from meeting of 5 September 2022

CIPFA Update

1. The committee was advised that the last iteration of the FSS statutory guidance was published over five years ago and that CIPFA was in the process of updating the guidance. CIPFA is looking to engage one of its partners, Isio, to contribute to that workstream.
2. In terms of the FSS guidance, the Secretariat mentioned that ways of making the guidance more accessible in the future will be explored. It was not expected that there would be a fee attached to the guidance, or to anything produced by the Committee. As SAB is funded through a levy paid by administering authorities any guidance published by SAB would be available free of charge.
3. Concerns were expressed about responsibility for drafting statutory guidance being outsourced by CIPFA. In response CIPFA clarified that Isio would be contributing to the drafting of the document but CIPFA would retain the ownership of the content if it carried the CIPFA badge.
4. CIPFA also mentioned the issue of external auditor challenges to pension fund accounts. Members asked whether this has been discussed at the National Audit Office Technical Group. The NAO representative said that this was not an issue raised at the Group, but he would invite CIPFA to the next Group meeting to raise the issue there.

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**Key decision: N/A
Unrestricted**

Pension Advisory Board

14 November 2022

Review of Pension Fund Policy Documents

Report by Interim Director of Finance and Support Services

Summary

It has been agreed that the Pension Advisory Board review relevant policy documents as part of its ongoing agenda.

Recommendations

- (1) That Board note the register of Policy Documents
 - (2) That the Board provide feed back on the policy documents presented at the meeting in respect of their compliance with regulations and guidance.
-

Proposal

1 Background and context

- 1.1 The Pension Regulators Code of Practice 14 requires that Pension Advisory Board members must be conversant with their scheme rules which are primarily found in the scheme regulations and documented administration policies currently in force for their pension scheme.
- 1.2 By reviewing policy documents on a regular basis the Board will be fulfilling their role in supporting the Scheme Manager by ensuring compliance with regulations. This would also assist members in ensuring they have the relevant knowledge and understanding of the Scheme.

2 Pension Fund Policy Documents

- 2.1 The Pension Fund is required by law to keep and maintain a number of policy documents. A list of all Pension Fund Policy Documents is included at Appendix A. It is proposed that as policies are reviewed by officers they will be presented to the Board for review against Regulations or Guidance.

3 Communications Policy

- 3.1 The Board last reviewed the Communications Policy in May 2019.
- 3.2 The document has been reviewed in terms of focus and presentation and expanded to include information around Data Protection, Freedom of Information and Subject Access Requests but the content in terms of the “Types of Communication” remain consistent.

Tony Kirkham

Interim Director of Finance and Support Services

Contact Officer: Rachel Wood, Pension Strategist, 033 022 23387
rachel.wood@westsussex.gov.uk

Appendices

Appendix A - Register of Policy Documents

Appendix B - Regulation extract relating to Communication Policy

Appendix C – Communication Policy

Background papers

None

Register of Pension Fund Policy Documents

POLICY	Regulation	Importance	How often it should be reviewed	Most recent PAB review date	Next date for PAB to review
Actuarial valuation	LGPS Regulations 2013 Regulation 62	Statutory required	Every 3 years		After 31 March 2023
Administering Authority Discretions	LGPS Regulations 2013 Regulation 60	Statutory required	Every 4 years	Apr 2019	Q1 2023/24
Administration Strategy	LGPS Regulations 2013 Regulation 59	Highly recommended	Every 2 years	Apr 2021	Q1 2023/24
Annual Report	LGPS Regulations 2013 Regulation 57	Statutory required	Annually	Sept 2022	Q2 2023/24
Breaches policy	Pensions Act 2004 Regulation 70	Highly recommended	Every 2 years	Nov 2021	Q3 2023/24
Communications Policy Strategy	LGPS Regulations 2013 Regulation 61	Statutory required	Annually	Nov 2022	Q4 2023/24
Conflict of Interest	Public Service Pension Act 2013 Regulation 5(4) and 5(5)	Highly recommended	Every 3 years	Nov 2021 (Draft)	Q3 2024/25
Funding Strategy Statement	LGPS Regulations 2013 Regulation 58	Statutory required	Every 3 years	Sept 2022	Q2 2025/26
Governance Policy and Compliance Statement	LGPS Regulations 2013 Regulation 55	Statutory required	Every 2 years	May 2022	Q1 2023/24
IDRP (Internal Dispute Resolution Procedure)	The Pension Regulator & Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008	Highly recommended	Every 3 years		Q3 2024/25

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Appendix A

POLICY	Regulation	Importance	How often it should be reviewed	Most recent PAB review date	Next date for PAB to review
Investment Strategy Statement	LGPS Regulations (Management and Investment of Funds) 2016	Statutory required	Every 3 years	Apr 2021	Q3 2023/24
LGPS Privacy Notice	Data Protection Act 2018 and General Data Protection Regulation (EU) 2016/679	Statutory required	Every 3 years	Apr 2021	Q1 2024/25
Treasury Management Strategy Statement	Treasury Management Code of Practice	Required	Annually	Feb 2022	Q4 2022/23

Statements of policy concerning communications with members and Scheme employers

Extract from The Local Government Pension Scheme Regulations 2013 // Regulation 61

- (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with —
 - a) members;
 - b) representatives of members;
 - c) prospective members; and
 - d) Scheme employers.

- (2) In particular the statement must set out its policy on —
 - a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
 - b) the format, frequency and method of distributing such information or publicity; and
 - c) the promotion of the Scheme to prospective members and their employers.

- (3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

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Communication Policy Statement



Introduction

This is the Communication Policy Statement for the West Sussex Local Government Pension Scheme.

West Sussex County Council is the Administering Authority for maintaining and managing the West Sussex Pension Fund on behalf of its stakeholders (scheme members and employers participating in the Fund) and other interested parties including prospective members / employers, government, and government agencies.

The Fund is required to publish several strategy documents and disclose information about benefits and scheme administration to scheme members and others and it does this along with its Pension Administration partner, Hampshire Pension Services.

The Statement was last reviewed in August 2022. The Statement is published on the Pension Fund's website.

The Fund actively seeks feedback from each of our audiences to continually review, enhance and improve our communication methods.




Communication Objectives

Through the Fund's Communication it aims to:

- Ensure that information is provided which highlight the benefits of the Scheme, improve the understanding of how the Schemes works, the costs / funding relating to benefits and inform scheme members of their pension rights.
- Comply with statutory obligations and relevant guidance.
- Keep stakeholders update on latest developments
- Support informed decision making about all aspects of the Scheme
- Maintain the provision of timely and accurate data and associated reporting
- Reduce the number of queries and complaints received by the Fund.

Communication Methods

Our aim is to provide all communications electronically where possible via the Member Portal, Employer Hub or website.

 <p>Portal</p>	<p>We encourage members to access their pension account through the Member Portal https://upmliveportal.hants.gov.uk. This is a secure area which allows members to see the personal details that we hold. Members can use the Portal to:</p> <ul style="list-style-type: none"> • Send a secure message, • update personal details such as name, address and marital status, • add or amend an 'expression of wish' for payment of a death grant, • complete a membership option form on joining the LGPS or a retirement declaration form (as appropriate). • view benefits documents eg. an annual benefit statement for active and deferred members, or a P60 or payslip for those in receipt of their pension benefits. • Obtain a retirement estimate
 <p>Hub</p>	<p>We actively encourage employers to register for the Employer Hub https://employerhub.hants.gov.uk/. This is a secure area which allows employers to view or amend details of their own employee's records, submit forms to us or to provide member estimates. Employers can use the Hub to:</p> <ul style="list-style-type: none"> • view the pension records for all the employees they look after • inform us of 50/50 section membership • update any hour changes/notify us of absences • change of payroll no./job description • change personal details • complete a notification of joiner or leaver • run estimates of pension benefits • run own reports (Member Portal and Death Grant information)
 <p>Website</p>	<p>Our website provides information about scheme governance, the approach taken to managing investments and the Fund's funding objectives.</p> <p>Information about membership of the LGPS is also available with details of how members can manage their pension choices, a news feed and other resources. The website also has a dedicated section for employers. It includes technical information, details of training courses, the latest employer news and an Employer Manual which contains details of procedures and employer responsibilities. ¹</p>

¹ [West Sussex County Council](#) and [Hampshire County Council](#) each have accessibility statements setting out how documents held on their websites on behalf of the Fund meet those standards.

Although electronic communications provide secure access to personal information, we recognise that it is not always the most suitable method of contact and we will share information by other means such as in writing or in an alternative format such as large print or Braille. If a member wishes to opt out of electronic communications and to receive paper copies, then we ask that they put their request to us in writing. This can be done either by post, or email to the Pensions Team, who's contact detail are further on in this policy.

Data Protection

The Pension Fund has a duty to protect personal information and will process personal data in accordance with the [Data Protection Act 2018](#) and the General Data Protection Regulations (GDPR).

The Fund may need to share personal data to a third party, including our Partners and contractors, advisors, government bodies, and dispute resolution and law enforcement agencies and insurers. We do this to comply with our obligations under law, and to help us provide services and carry out our duties, rights and discretions in relation to the fund.

The Fund's [Privacy Notice](#) explains:

- How personal data is obtained
- What it is used for
- Who it may be shared with and why
- How long it is kept

Freedom of Information

Under the Freedom of Information (FOI) Act 2000 and the Environmental Information Regulations (EIR) 2004 we are obliged to respond to requests for recorded information. The Pension Fund follows the Administering Authority policy for responding to requests. For further information about the policy including how to submit a request can be found [here](#).

Subject Access Request

Under the Data Protection Act you are entitled to access personal information held about you within any West Sussex County Council (WSCC) service including the West Sussex Pension Fund. We treat all requests in confidence. If your records include personal data about other people which is inextricably linked with your data we may need to ask for their consent before deciding which information we can disclose to you. We may contact you before we approach them.

For further information about the policy including how to submit a request can be found [here](#).

Pension Disclosure

The Pension Fund has a duty under the [Occupational and Personal Pension Schemes \(Disclosure of Information\) Act 2013](#) relating to the provision of information.

The Fund is required to provide information at different stages of a Scheme members journey within the Pension Scheme. This will include, but not limited to:

- Pension scheme information upon joining.
- Provision of information on a website.
- Provision to provide electronic communications, with the option to 'opt out'.
- Notification to members of material changes to the pension scheme information.
- Annual benefit statements by the statutory deadline of 31 August.
- Pension benefit entitlement statements when a member leaves.

Types of Communication

The table below sets out how the Fund will communicate with its stakeholders and where it can be found.

Communication	Audience
<p>Key policy documents can be found on the Fund’s website including:</p> <ul style="list-style-type: none"> • Governance Policy (which provides details pension fund governance arrangements) • Funding Strategy Statement (which sets out how employer liabilities will be calculated and the strategy for setting contributions) and • Investment Strategy Statement (which outlines the types of investment held, risk and corporate governance). 	All stakeholders
Service Standards are set out in the Administration Strategy	All stakeholders
The Annual Report & Accounts sets out details of the value of the Pension Fund during the financial year, income and expenditure and how the fund is managed.	All stakeholders
The Business Plan deals with the functions carried out by the Pension Fund, and its priorities.	All stakeholders
Details of the Pensions Committee and Pension Advisory Board (including meeting dates, membership details and meeting papers) and convening meetings in public are all made public.	All stakeholders
The Member’s Guide is the main reference point for active members. This alongside other scheme literature and forms available on pension webpages. This is regularly updated, usually as changes to the Scheme occurs.	All members
<p>An annual newsletter for pensioners provides updates in relation to changes to the Schemes as well as other related news, such as national changes to pensions, forthcoming seminars, a summary of the accounts for the year, contact details, etc.</p> <p>The newsletter is added to the Member Portal every year in March or April and an expanded version of the newsletter can be viewed on the website.</p> <p>Members can opt to receive a paper copy of the newsletter.</p>	Pensioner members
<p>Annual Benefit Statements are made available through the Member Portal.</p> <p>This Statement includes details about the current value of benefits, the associated death benefits and projected retirement benefits. All statements include some explanatory notes and members are advised where to find a more detailed explanation of their statement on our website.</p> <p>Annual Benefit Statements will be provided by 31 August each year.</p> <p>Members can opt to receive paper statements.</p>	<p>Active members</p> <p>Deferred members</p>

Communication	Audience
<p>Pensions Savings Statements provide members who may be affected by the annual allowance tax limit with a summary of their pension savings.</p> <p>Pension Savings Statements will be provided via the Member Portal by 6 October each year.</p> <p>Members can opt to receive paper statements.</p>	<p>Active members</p>
<p>All payslips are available through the Member Portal.</p> <p>If a member has paid income tax during the preceding year, then a P60 will also be available through the Portal by the end of May.</p> <p>Members can opt to receive paper copies.</p>	<p>Pensioner members</p>
<p>A declaration of pension entitlement is sent to pensioners that live overseas each year to verify a member's continuing entitlement to receive pension payments.</p> <p>A form is also sent whenever a pensioner payment or mail is undelivered.</p>	<p>Pensioner members</p>
<p>Latest news updates covering specific topics, changes to the regulations or guidance are provided via an update to the website.</p>	<p>All members Employers</p>
<p>Pre-Retirement courses are made available to all, through the West Sussex Learning and Development pages.</p>	<p>Active members</p>
<p>The Employer Guide sets out the Fund's policies and procedures for employers including the admission and exit from the Fund.</p>	<p>Employers</p>
<p>Regular employer newsletters (Pension Matters) are emailed to employers to provide an update on pension regulation changes and proposals and any changes in administrative processes.</p> <p>Stop Press email communications are sent to employers to advise of urgent pension matters which require noting or action to be taken.</p> <p>Copies of Pension Matters and Stop Press notifications are also added to the employer news section of the website.</p>	<p>Employers</p>
<p>Annual General Meeting to provide an update on investment, funding and administration performance and highlight relevant developments.</p>	<p>Employers</p>

Communication	Audience
<p>Employer Training is provided on specific topics such as end of year member data.</p> <p>Employer training is also provided to small groups to improve understanding of pension administration, legislation, the principles of the Scheme, or Scheme changes.</p> <p>In addition, Pension Services will work with employers who have individual training needs offering targeted training on request or when a need is identified.</p> <p>Employer focus group meetings are held six times per year with employers to discuss key issues as necessary and the team attend established employer forums such as the Payroll Officers' Group.</p>	Employers
<p>Actuarial Valuation meetings are held to provide employers with opportunity to feedback on the Funding Strategy Statement and its application at the formal valuation and to understand their individual funding position.</p>	Employers
<p>A complaints and appeals process is available to provide a route for members and employers, who are unhappy with a service or the way a members benefits have been calculated.</p> <p>The process is available on the Fund webpages.</p>	All stakeholders
<p>Feedback is requested from customers (via inclusion in email signatures, training surveys and complaints / compliments reporting) as part of the Customer Services Excellence accreditation.</p>	All stakeholders
<p>For administration and employer matters, the Team can be contacted in one of the following ways:</p> <p>Email: pensions@hants.gov.uk</p> <p>Phone 01962 845588</p> <p>Write to them at:</p> <p>Hampshire Pension Services The Castle Winchester Hampshire SO23 8UB</p> <p>For other matters including investments, Scheme funding and other employer matters please contact Pensions.Feedback@westsussex.gov.uk</p>	All stakeholders

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