

Pension Advisory Board

10 February 2023 – 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, Kim Martin, Becky Caney and Richard Walton

Apologies were received from Clare Williams

Absent: Miranda Kadwell

Also in attendance: Taryn Eves (Director of Finance and Support Services), 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

36. Welcome

36.1 The Chairman welcomed everyone to the meeting and gave a particular welcome to Taryn Eves to her first meeting of the Board.

36.2 The Chairman informed the Board that Chris Curry had stood down from his role on the Board due to work commitments. The Chairman would work with officers to recruit for the vacancy.

36.3 The Chairman also reported that Tara Atkins would be leaving the County Council and so this would be her last Board meeting. The Board thanked Tara for her assistance to the Board.

37. Declarations of Interests and Conflicts

37.1 None declared.

38. Part I Minutes of the last meeting

38.1 The Board commented that during the Communication Strategy item in November they had given praise to the Annual Benefit Statement template and wished for this to be formally recorded.

38.2 Resolved – That the minutes of the meeting of the Board held on 14 November 2022 be approved as a correct record and signed by the Chairman.

39. Progress Statement

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

39.2 Adam Chisnall introduced the report and confirmed that all actions from the previous meeting had been resolved.

39.3 The Board queried if the universal approach to expressions of wish was new. – Rachel Wood and Andrew Lowe, Head of Pensions – Investments and Borrowing, confirmed this was the approach for the current administration service. Tara Atkins reported that an exercise was not run to check all records, so there could be historic issues that arise.

39.4 Resolved – That the Board noted the report.

40. Pensions Committee Minutes - Part I

40.1 The Board considered the confirmed part I minutes from the 2 November 2022 Pensions Committee meeting and the Agenda from the 30 January 2023 Pensions Committee meeting (copies appended to the signed minutes).

40.2 The Board made comments including those that follow.

- In reference to minute 40.3 e, the Board queried if there had been any progress in separating the County Council and Pension Fund accounts. – Rachel Wood explained that the Scheme Advisory Board had raised a request for the accounts to be split. Vickie Hampshire confirmed that splitting the accounts would require a change in primary legislation.
- Sought details on the issue with property valuations. – Rachel Wood explained that the auditors, EY, had placed valuations under increased scrutiny. EY had been satisfied with their deep dive in Savills and their due diligence. Taryn Eves commented that recommendations had been given by EY for County Council assets, but no comments had been made on Pension Fund assets.
- In reference to minute 41.4 e, the board felt that 100% for ABS publication was never achievable in practical terms and that a breach would be unavoidable, and asked if this had ever been raised with The Pensions Regulator. – Rachel Wood did not know if this had ever been raised but confirmed that the administration team were able to provide transparency on any data that was unavailable. There were now only 35 outstanding statements, which was considered good compliance.

40.3 Resolved – That the minutes and agenda be noted.

41. Business Plan Update

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

41.2 The Chairman introduced the report and explained there had been no significant progress on central government actions. The climate change consultation response had been submitted by the Council and a response from Government was awaited.

41.3 Vickie Hampshire reported that The Pensions Regulator had announced at a recent conference that the Combined Code would be published soon, and the work on Good Governance by the Scheme Advisory Board should be completed soon.

41.4 The Chairman discussed annual 1:1s and agreed with the Board members that these could be done virtually if it was more convenient. The Chairman confirmed that he would also be scheduling 1:1s with the Chairman of the Pensions Committee and Taryn Eves.

41.5 Rachel Wood confirmed that the actuarial valuation was coming to a close and reported that there had been good engagement with employers. The results were expected to be published in line with statutory requirements, with the new employer rates being effective from April 2023.

41.6 The Board made comments including those that follow.

- Recalled that the government had made an ambition for all schools to become academies and asked if this was still the case. – Rachel Wood confirmed that this had been withdrawn.
- Noted that the training log did not reflect the current Board membership. – Rachel Wood resolved to correct for the next report.
- Commented on the length of the Local Government Association Fundamentals course and that the investment section was not particularly relevant for Board members. – Rachel Wood recommended the training and explained that the three sessions could be spread out across years to manage the time commitment. Feedback had previously been given from Board members that in person attendance at the session gave additional benefits to the content.

41.7 Resolved – That the Board note the update.

42. Communication Strategy

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

42.2 Tara Atkins introduced the report and reported that it had been a relatively busy quarter for pension communications. Pension Saving statements had been distributed, and an accompanying news article had been published for members where an annual allowance charge would apply. There had been an employer focus group and the autumn Pension Matters had been sent to employers. A workshop was scheduled on annual returns to ensure employer engagement.

42.3 The Board discussed the actuarial valuation meetings and commented that the Town, Parish and City Council session had discussed ill health insurance. – Rachel Wood confirmed that these Councils were unique bodies and so the actuary was mindful of engagement with them over strain costs and insurance.

42.4 Resolved – That the Board notes the update.

43. Regulations and Governance update

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

43.2 The Chairman introduced the report and confirmed that a consultation on the Good Governance Review would be likely.

43.3 Vickie Hampshire confirmed that a pooling consultation was due in the summer, a McCloud consultation was due soon, and the response to the Task Force on Climate-Related Financial Disclosures (TCFD) was expected in the spring.

43.4 The Chairman raised concerns about the new combined Code from the Pensions Regulator and whether the Local Government Pension Scheme (LGPS) position would be clear as it could be difficult to apply common requirements to all pension types.

43.5 The Chairman drew attention to Appendix B, the response to the tPR's Public Service Governance and Administration Survey 2022-23, which had been unavailable at the time of agenda publication and had been provided as a tabled document (copy appended to the signed minutes). The Chairman encouraged the Board to send comments to Vickie Hampshire ahead of the submission on 17 February 2023. Vickie Hampshire confirmed that the response would be submitted by the Scheme Manager in consultation with the Board.

43.6 The Board discussed the section on quorum arrangements and noted that the Board had previously increased in size to help ensure a quorum could be achieved.

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

44. Actuarial Valuation 2022

44.1 The Board considered the report by the Director of Finance and Support Services from the 30 January 2023 Pensions Committee (copy appended to the signed minutes).

44.2 Taryn Eves introduced the report which was the latest draft. The current fund valuation was at 125% and the valuation was on track for publication at the end of March 2023. The Funding Strategy had been shared with employers.

44.3 Rachel Wood highlighted that the Board will also receive the outcome of the Government Actuary Department's review of the valuation.

44.4 The Board made comments including those that follow.

- Queried if there were significant changes within the Funding Strategy Statement from those seen previously. – Rachel Wood highlighted that the document included tracked changes. Ill health and strain charges had been made clearer. There has also been an inclusion of covenant analysis.
- Asked if schools in Multi Academy Trusts (MAT) were no longer pooled together. – Rachel Wood explained that MATs could choose to use a MAT rate or the County Council rate. The wording in the strategy would be improved to make this clearer.
- Sought clarity over strain costs charges. – Rachel Wood explained that the default approach would be to charge the strain, but was

mindful of circumstances. The changes made for ill health strain recovery were to assist with the management of stable contribution rates. Conversations would be had on a case by case basis.

44.5 Resolved – That the Board notes the update.

45. Review of Pension Fund Policy Documents

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

45.2 Vickie Hampshire introduced the report and the attached Treasury Management Strategy. The Pensions Committee had recently questioned the impact of a bank failing and it was explained that the liability limit was linked to deposits with institutions.

45.3 The Board queried the level of cash that was held. – Vickie Hampshire explained that small levels of cash were held unless purchases or investments were required. Rachel Wood added that working balance was ~£15m a month, but the focus was on investing cash to provide returns. Taryn Eves explained that the strategy was the same as previous years, with investments only made in high credit ratings and in liquid options which could be reclaimed if required. The strategy was similar to the County Council's, but necessarily separate.

45.4 Resolved – That the Board notes the register of policy documents and the Treasury Management Strategy's compliance with regulations and guidance.

46. Administration procedures and performance

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

46.2 Tara Atkins introduced the report and explained that work on McCloud was continuing with data sets from employers being uploaded to the system. Andrew Lowe confirmed that work was being done to set out an approach for McCloud and hoped to provide more information in the next administration report.

46.3 The Board made comments including those that follow.

- Queried if the valuation work had impacted the Annual Benefit Statement process. – Andrew Lowe confirmed there was no impact.
- Sought clarity on the referred pension transfer request. – Tara Atkins confirmed that the individual had been referred to the Money Helper service for more info. Rachel Wood added that the decision had ultimately been to approve the transfer. Additional checks had been imposed as the transfer was overseas.
- Asked if the cost-of-living crisis had led to an increase in members moving to the 50:50 contribution Scheme. – Rachel Wood confirmed that the autumn figures had seen no particular increase in the uptake in the 50:50 Scheme or opt outs. There had been interest in the use of deferred pension pots. The annual report could include figures on this.

- Queried the status of the complaint that was with the Pensions Ombudsmen. – Rachel Wood explained that this was still outstanding and that the ombudsmen did not have a timetable for response.

46.4 Resolved – That the Board notes the update.

47. Date of Next Meeting

47.1 The Board noted that its next scheduled meeting would take place on Monday 22 May 2023 at 9.30 a.m. at County hall, Chichester.

48. 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.

49. Part II Minutes of the last meeting

The Board agreed the Part II minutes of the 14 November 2022 meeting and they were signed by the Chairman.

50. Pensions Committee Minutes – Part II

The Board noted the contents of Part II minutes from the 2 November 2022 Pensions Committee meeting.

51. Investment Strategy Review 2022

The Board considered the report by the Director of Finance and Support Services from the 30 January 2023 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

52. ACCESS Update

The Board considered the report by the Director of Finance and Support Services from the 30 January 2023 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.10 am

Chairman