

## **Pensions Committee**

30 January 2023 – At a meeting of the Pensions Committee held at 10.00 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Hunt (left at 1pm) (Chairman)

Cllr Condie, Cllr Elkins, Cllr N Jupp (arrived at 1.30pm), Cllr Urquhart (Chairman from 1.00pm), Mr Kipling, Mr Wilding and Tim Stretton

Apologies were received from Cllr J Dennis and Cllr Turley

### **Part I**

#### **54. Election of Chairman**

54.1 The Chairman opened the meeting and informed the Committee that he needed to leave in the afternoon and proposed Cllr Urquhart as the Chairman in his absence. This was seconded by Cllr Elkins.

54.2 Resolved that Cllr Urquhart takes on the role as Chairman for the meeting in Cllr Hunt's absence.

#### **55. Declarations of Interests**

55.1 None declared.

#### **56. Part I Minutes of the last meeting**

56.1 Resolved – That the Part I minutes of the Pensions Committee held on 2 November 2022 be approved as a correct record, and that they be signed by the Chairman.

#### **57. Pension Advisory Board Minutes - Part I**

57.1 The Committee considered the confirmed Part I minutes from the 05 September 2022 Pension Advisory Board meeting; and the agenda from the 14 November 2022 meeting (copies appended to the signed minutes).

57.2 The Committee made comments including those that follow.

- a. to thank the Pension Advisory Board for the work it undertook on administration and supervision issues
- b. to note that Peter Scales, Chairman of the Pension Advisory Board, had a standing invitation to join meetings of the Committee which he did take up when available.

57.3 Resolved – That the minutes and agenda be noted.

#### **58. Business Plan**

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

58.2 Rachel Wood, Pension Fund Investment Strategist introduced the report and highlighted, the final approval by the County Council's Regulation, Audit and Accounts Committee (RAAC) on the Audit Results Report by EY would be considered on 01 February, updates on risk themes including that relating to the Fund's Investment Strategy, the work of the internal audit team and that an update on the three audits was being scoped. Ms Wood apologised to Cllr Urquhart that completion of Cllr Urquhart's training modules had not been included in the report.

58.3 The Committee made comments including those that follow.

- a. to note that some Committee members had yet to complete Lola training
- b. regarding RT12, noted that Government had withdrawn the white paper, but it may yet be re-presented and preparations should be made for any necessary remedial action
- c. regarding RT5, to note that resource required in the West Sussex team was currently being reviewed following the resignation of one member and that the current staffing resource was sufficient to cover the work meanwhile and any additional support required would come from external third parties as required.

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

## **59. Actuarial Valuation 2022**

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

59.2 Taryn Eves, Director Finance and Support Services, introduced the report and highlighted key points including an improvement in the reported funding level since 31 March 2019 from 112% to 125% and that the Funding Strategy Statement was on track to publish on 31 March 2023. Paula Picken, Actuary explained that the employer contribution rates were on a downward trajectory with many now reaching the 18% target. A funding level of 125% was thought to be sustainable and 18% would provide that. Contribution rates were looking positive.

59.3 The Committee made comments including those that follow.

- a. to note that the Committee had studied the Funding Strategy Statement well at previous meetings and that only technical changes remained going forward
- b. to note that the reduction in employer rates was as a result of the good performance of the fund. The main driver had been good investment over the previous three year period. Inflation had been very high in September to December 2022 but the current rate was still an improvement on that at March 2022
- c. noted that the funding level stood at 175/76% in November 2022 but with a 10.1% increase to liabilities due to inflation stood at 160% funded in December. It was felt that a 125% funded position was sustainable
- d. noted that the current employer contribution rate figure was 20.6%.

59.4 Resolved – that

- (1) The Committee notes the valuation outcome.
- (2) Feedback is provided by the Committee on the Funding Strategy Statement prior to its publication on 31 March 2023.
- (3) The Committee approves that the Director of Finance and Support Services could agree further changes required to the Funding Strategy Statement between the meeting date and 31 March 2023.

## **60. Treasury Management Review 2022/23 and 2023/24**

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

60.2 Taryn Eves introduced the report and highlighted the bank rate for March set out at page 88 and forecast that this would reduce to 2.50% by September 2025; that the proposed Treasury Management Strategy 2023/24 was largely unchanged from 22/23, continuing to depend on internally managed investments only being deposited in creditworthy banks; that no breaches of the approved 2022/23 Strategy had occurred to date and that total investments to December 2022 had yielded £445,000k, a rate of return of 1.44%.

60.3 The Committee noted that bail-in risk/bank failure risk was not listed in the Fund matrix as it was not a risk in the context of high liquidity holdings in high credit rated counterparties. However, wording would be amended for future reports to clarify the extent of any liability.

60.4 Resolved – that

- (1) The Committee approves the 2023/24 Treasury Management Strategy as set out in Appendix A
- (2) The Committee notes the treasury activity undertaken during 2022/23 (01 April to 31 December 2022).

## **61. Pension Administration**

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

61.2 Rachel Wood, Pension Fund Investment Strategist introduced the report and highlighted key points from the West Sussex County Council perspective including an additional employer training support offer, in respect of McCloud that it was hoped this would be addressed this year and regarding Administering Authority discretions, that one had been referred to the Director Law and Assurance in the past quarter.

61.3 The Committee made comments including those that follow.

- a. to question whether there was any understanding of the numbers of teachers who were affected by the McCloud judgement. Rachel Wood explained that the number of eligible employees was to be determined by the teacher's pension scheme administrators in

consultation with employers. Andrew Lowe, Assistant Director Pensions, Hampshire County Council, explained that once the data was received the administrators would work with WSCC to determine the required resolution and until that point it was not possible to calculate the Fund liabilities

- b. to note that the extra work done by teachers that was subject to the McCloud judgement was assumed to be overtime and after school activity
- c. to question the numbers involved. Andrew Lowe explained that it had been suggested that there were 18,000 teachers involved nationally and added that the Department for Levelling Up, Housing and Communities was leading on the work
- d. to question the significant increase in members of the Fund in the last quarter. Andrew Lowe explained this would relate to new employers coming in or to an increase in data coming in related to chasing of new starters and leavers.

61.4 Resolved – that the Pensions Committee notes the report.

## **62. Date of the next meeting**

62.1 The Committee noted that its next scheduled meeting would take place on 28 April 2023 at County Hall, Chichester.

## **63. 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.

## **64. Part II Minutes of the last meeting**

The Committee agreed the Part II minutes of the Pensions Committee held on 2 November 2022.

## **65. Pension Advisory Board Minutes - Part II**

The Committee noted the contents of the Part II minutes from the 5 September 2022 Pension Advisory Board meeting.

## **66. Investment Strategy Review 2022**

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

The Committee considered the recommendations within the report.

**67. Update from ACCESS Joint Committee activity (December 2022)**

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

The Committee considered the recommendations within the report.

**68. 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.

**69. Presentation by ABRDN**

The Committee received an update on the portfolio performance for the quarter.

**70. Presentation by Fidelity**

The Committee received an update on the portfolio performance for the quarter.

The meeting ended at 3.10 pm

Chairman