

# Public Document Pack

**Tony Kershaw**  
Director of Law and Assurance

If calling please ask for:

Suzannah Hill on 033 022 22551  
Email: [suzannah.hill@westsussex.gov.uk](mailto:suzannah.hill@westsussex.gov.uk)

[www.westsussex.gov.uk](http://www.westsussex.gov.uk)

County Hall  
Chichester  
West Sussex  
PO19 1RQ  
Switchboard  
Tel no (01243) 777100



19 January 2024

## **Pensions Committee**

A meeting of the Committee will be held at **10.00 am** on **Monday, 29 January 2024** 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 Dennis is a Member of Horsham District Council
- Cllr Elkins is a Member of Arun District Council
- Cllr Hunt is a Member of the Chichester Harbour Conservancy

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

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 01 November 2023.

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.

10.05 am 5. **Pension Advisory Board Minutes** (Pages 11 - 16)

The Committee is asked to note the unconfirmed Part I minutes from the 13 November meeting of the Pension Advisory Board.

6. **Date of Next Meeting**

The next meeting of the Committee will be held at 10.00 am on 26 April 2024 at County Hall, Chichester.

**Part II**

7. **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.

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

10.10 am 8. **Part II Minutes of the last meeting** (Pages 17 - 22)

The Committee is asked to agree the Part II minutes of the meeting of the Committee held on 01 November 2023.

10.15 am 9. **Part II Minutes of the last meeting of the Pension Advisory Board** (Pages 23 - 26)

The Committee is asked to note the unconfirmed Part II minutes from the meeting of the Pension Advisory Board on 13 November 2023.

10.20 am 10. **Pension Fund Investment Strategy: Implementation Activity** (Pages 27 - 28)

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

The Committee is asked to consider the recommendations within the report.

10.40 am 11. **Update from ACCESS Joint Committee activity (Operator Procurement)** (Pages 29 - 42)

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

The Committee is asked to consider the recommendations within the report.

10.55 am 12. **Strategy Session**

Report by Hymans Robertson attached for members of the Committee only (yellow paper).

The Committee will take part in a facilitated session to consider the future direction of the Fund and reflect on priorities of the Committee and the changing landscape.

**Lunch**

1.00 pm 13. **Strategy Session (continued).**

**End - 3 pm (anticipated).**

**To all members of the Pensions Committee**

This page is intentionally left blank

## **Pensions Committee**

1 November 2023 – 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 J Dennis, Cllr Elkins, Cllr N Jupp, Cllr Turley, Cllr Urquhart, Mr Kipling, Mr Stretton and Mr Chilton

### **Part I**

#### **20. Declarations of Interests**

20.1 Cllr. Roger Elkins declared an interest in respect of his membership of the West Sussex Local Government Pension Scheme.

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

21.1 Resolved – That with an edit to minute 7.1, final word, penultimate sentence, 'September' to read 'November' the Part I minutes of the Pensions Committee held on 26 July 2023 be approved as a correct record, and that they be signed by the Chairman.

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

22.1 The Committee considered the confirmed Part I minutes from the 28 July 2023 Pension Advisory Board meeting (copy appended to the signed minutes).

22.2 Resolved – That the minutes be noted.

#### **23. Business Plan**

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

23.2 Taryn Eves, Director Finance and Support Services, introduced the report and drew the Committee Members' attention to the key points as set out in the summary.

23.3 Vickie Hampshire, Finance Manager, Pension Fund Governance, highlighted, as set out at Appendix C, that Committee Members would receive an email later in the day concerning the LGPS Knowledge Progress Assessment and were asked to complete the assessment by 14 November 2023.

23.4 The Committee made comments including:

- a. to highlight that the mandate with property manager Abrdn had been extended to September 2024 to fit in with the procurement process for a new contract
- b. to question on RT 12, employer admissions, how many employers were coming into the Scheme, what the eligibility requirements were and whether any employer could be refused. Rachel Wood, Pension Fund Strategist, explained that 20 employers had joined the West Sussex Scheme in the last year and 11 more were scheduled to join and that the majority of these employers were academies. Rachel Wood further explained that there was no discretion on the acceptance of academy employers and most admitted bodies following an outsourcing so these were normally admitted. In the case of community interest bodies, there was more discretion, including the option to refuse admission
- c. to question whether problems with employers not providing the required data contributed to risk RT12. Steven Law, Fund Actuary, explained that this was the case, also that the smallest employers could take up a great deal of officer time and that most outsources of schools to academies take place from 01 September which makes this a very busy period. Steven Law also pointed out that there was a risk to pension fund members of any delay in signing initial joining agreements, in that the pension fund sees such members as deferred during that time
- d. to question on RT 13, risk of cyber-attack, when this might be expected to improve from red to amber. The Chairman explained his understanding that this risk was ever-present and despite continued management and mitigation would never move from red to amber as cyber-attacks could not be prevented
- e. to question whether there was a risk around the County Council's anticipated new content management system, Smartcore. Taryn Eves explained that at this stage no risk was identified but, at a later date, adequate staff resource requirements related to the implementation of the new system would be considered.

23.5 Resolved – that:

1. The Committee noted the update on Business Plan activities for 2023/24
2. The Committee provided comments on the risk matrix and audit work
3. The Committee Members reviewed the training completed and advised officers of any additional requirements to support their development of the necessary skills and knowledge to act effectively as members of the Committee.

## **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, Pension Fund Strategist, introduced the report and highlighted key points as set out in the summary. Committee Members' attention was also drawn to the 'Project Work: AVC Review' section and arrangements to move from provider Standard Life to Legal and General.

24.3 The Committee made comments including:

- a. to note that single schools converting to academy status often needed professional support to handle the pensions element of their conversion and given that the external trusts were professional pay bodies it was surprising that the provision of internal advice was not better. Stephen Law, Fund Actuary, acknowledged that the outsourced payroll bodies often struggled with this work
- b. to note with regard to paragraph 7.6, concerning four scheme members nearing retirement with AVC funds currently at Standard Life, that the pensions officer team would write to them to advise that the funds would close. Rachel Wood added that legal advice was being sought on the reasonable timescales for this process
- c. on employer performance on data return to question, whether there were sanctions that could be applied to those who persistently failed to share data in a timely way. Rachel Wood explained that there was opportunity to charge employers where costs had been incurred. Andrew Lowe, Assistant Director Pensions, Hampshire County Council, added that the approach of the administrative officer team was always on support, engagement and education
- d. on portal access, to highlight that the top line figure on website hits had doubled over the quarter. Andrew Lowe explained that hits generally increased at this time as it was the time of publication of new payslips (for pensioners) and Annual Benefit Statements (for active and deferred scheme members)
- e. on academy employers, to question what could be done to improve their engagement and performance. Rachel Wood confirmed that support and training was offered and that the team was aware of the growth of these employers and the challenge posed. Taryn Eves, undertook to bring to the Committee a report on the employers training process and any options to enact discretions
- f. on reporting, whether an analysis was made of poor compliance, timeliness and quality of data supplied by employers. Rachel Wood explained that this was gathered at end of the financial year and a mid-year validation exercise undertaken and that targeted training was available, also that development of the employer portal continued and this would reduce form-filling requirements
- g. on compliance, to question whether the Pensions Advisory Board had a role in supporting good quality employer returns. Rachel Wood agreed that it did and could be asked to monitor assistance to the Scheme Manager to secure compliance and report back in due course
- h. on portal access, to question whether the figures set out related to the number of scheme members accessing the

portal over the quarter or the number of times the portal was accessed. Rachel Wood and Andrew Lowe explained that the data referred to the number of times the portal was accessed.

24.4 The Chairman thanked Committee Members for their comments and confirmed that no one had any questions on Appendix B.

24.5 Resolved – that the Pensions Committee noted the report and approved the updated Funding Strategy Statement at Appendix B.

## **25. Review of Administering Authority Discretions**

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 the intentions of the review as set out in the summary.

25.3 The Committee made comments including:

- a. to thank the pensions officer team for its work in undertaking the review
- b. to question the meaning of the term 'non-Club' referred to at paragraph 1.7 (e). Steven Law explained that this referred to non-public sector funds
- c. to note that Discretion R100(6) under Delegation or Policy should read 'An extension beyond 12 months ...' Rather than 'An extension to 12 months'.

25.4 Resolved – that the Committee approved the draft Administering Authority Discretions Policy at Appendix A.

## **26. Financial Information Report**

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

26.2 Taryn Eves, Director of Finance and Support Services, introduced the report and highlighted that the pension fund was currently valued at £5,257.1bn, a slight decrease from the last report in June. Committee Members noted that this remained a healthy position and that a positive cash flow was still forecast for the year.

26.3 Resolved – that the Pensions Committee noted the report.

## **27. Government Consultation "Local Government Pension Scheme (England and Wales): Next steps on investments"**

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



27.2 Rachel Wood introduced the report and explained that the appended consultation response was in line with the draft circulated to members previously and referenced the comments received. It had also been shared with the Chairman of the Pension Advisory Board who was supportive of the draft and no response had yet been received from government.

27.3 The Committee made comments including:

- a. to note that the response submitted was not unlike responses from other contributors
- b. to comment that responses appeared to reflect basic common sense.

27.4 Resolved – that the Pensions Committee noted the County Council’s response to that was submitted by the deadline of 02 October 2023.

## **28. Date of Next Meeting**

28.1 The Committee noted that its next scheduled meeting would take place on 29 January 2024 at County Hall, Chichester.

## **29. 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 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.

Exempt paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

The Committee agreed the Part II minutes of the Pensions Committee held on 26 July 2023.

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

The Committee noted the contents of the Part II minutes from the 28 July 2023 Pension Advisory Board meeting.

## **32. Investment Strategy Implementation**

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

The Committee noted the report.

## **33. Update from ACCESS Joint Committee activity (September 2023)**

## Agenda Item 2

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

The Committee noted the report.

### **34. Advisor Commentary**

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

The Committee noted the report.

### **35. Presentation by Baillie Gifford**

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

The Committee noted the report.

The meeting ended at 1.15 pm

Chairman

## **Pension Advisory Board**

13 November 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, Becky Caney, Ann Phillips and Richard Walton

Apologies were received from Kim Martin

### **Part I**

#### **16. Declarations of Interests and Conflicts**

16.1 Peter Scales declared an interest as the Senior Advisor at Apex in respect of the Update from ACCESS Joint Committee activity (September 2023).

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

17.1 Resolved – That the minutes of the meeting of the Board held 28 July 2023 be approved as a correct record and signed by the Chairman.

#### **18. Pensions Committee Minutes - Part I**

18.1 The Board considered the confirmed part I minutes from the 26 July 2023 Pensions Committee meeting and the Agenda from the 01 November 2023 Pensions Committee meeting (copies appended to the signed minutes).

18.2 The Chairman, Peter Scales commented in respect of minute 4.2a, that it was pleasing to see that the liaison between the Board and the Committee was working well.

18.3 Resolved – That the minutes and agenda be noted.

#### **19. Business Plan Update**

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

19.2 The Chairman introduced the report and highlighted that, as had been the case in for the previous few meetings, there had been slow progress on national initiatives in terms of activities with the exception of the 'Next Steps on Investments' consultation which had been launched in July and for which government feedback was awaited.

19.3 The Chairman alerted members to the schedule for Annual Performance Reviews and that meetings would be set up between the Chairman and individual Board members in the near future.

19.4 Rachel Wood, Pensions Strategist, highlighted at Appendix B that work was continuing into quarter 3 to address the governance priority concerning cyber-attack, as was work on building knowledge and data on carbon metrics while the government response on the governance and reporting of climate change risks consultation was awaited.

19.5 The Board made comments including:

- a. to note, on the Pension Fund accounts audit which would be presented to the Regulation, Audit and Accounts Committee on 01 December, that the national issue with the accounts completion backlog continued, and to question whether anything had come of the Scheme Advisory Board suggestion that Pension Funds be separated out. Vickie Hampshire, Finance Manager, said that no response had been received on that point as yet
- b. to remind members of the Pension Fund accounts training taking place on 16 November
- c. to question, on the National Fraud Initiative audit work, how the four cases of pensions being paid where death certificates had been issued had come about. Rachel Wood explained that the WSCC team had investigated and confirmed which cases required recovery, also that this number of cases identified was not unexpected and did not point to a systemic issue
- d. to note on training, that the report to the next meeting would include data for the LGPS Online Learning Academy (LOLA). Vickie Hampshire reminded members to alert her to any training undertaken except those undertaken via the LOLA portal, which updated the information to the register automatically
- e. to question what the feedback was on membership of Pensions for Purpose. Rachel Wood explained that more information on this stakeholder group, which looked at investment trends, was linked via the Part II papers and that membership was in line with the Pension Committee's Investment Strategy Statement and highly rated by fund managers and other LGPS funds.

19.6 Resolved – That the Board noted the update on the Business Plans of the Board and of the Pensions Committee.

## **20. Updated report: Administration Procedures and Performance**

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

20.2 Rachel Wood introduced the report and highlighted activity since the last meeting including that the scheme website had been updated with information on Annual Benefit Statements, that posters had been provided for workplaces related to accessing the member portal and that employers had been contacted regarding training available during the autumn. The Chairman questioned attendees to date for the training. Rachel Wood responded that there had been a reasonable turnout.

20.3 Resolved – That the Board noted the updates in Appendix A.

## **21. Communication Strategy**

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

21.2 Rachel Wood introduced the report and highlighted activity since the last meeting including that the scheme website had been updated with information on Annual Benefit Statements, that posters had been provided for workplaces related to accessing the member portal and that employers had been contacted regarding training available during the autumn. The Chairman questioned attendees to date for the training. Rachel Wood responded that there had been a reasonable turnout.

21.3 Resolved – That the Board noted the updates in Appendix A.

## **22. Regulations and Governance Update**

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

22.2 The Chairman introduced the report and confirmed he had circulated to Board members all published LGPS Bulletins. The Chairman drew attention to recent regulations and governance work including the summary of the work of the Scheme Advisory Board, the Department for Levelling Up, Housing and Communities (DLUHC) consultation entitled 'Next Steps to Investments' and the continuing process by the Pensions Regulator to bring into force the new 'General Code'.

22.3 The Board made comments including:

- a. to note that feedback was awaited from the government on its 'Next Steps to Investment' consultation
- b. that moves to consider the allocation of large pension schemes to new initiatives were also being considered in the private sector, but there was no legislation for this and none hinted at in the Kings Speech nor the Autumn Statement
- c. to note that this was a long-running issue and pension schemes had been asked in the past to invest in private equity.

22.4 Resolved – That the Board noted the current issues relating to Scheme Regulations and Governance.

## **23. Review of Pension Fund Policy Documents**

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

23.2 Vickie Hampshire introduced the report and appendices which contained one draft policy for review, the Review of Administering Authority Discretions at Appendix B, which while not a statutory requirement, would support Board members to ensure they have the

relevant knowledge and understanding of the Scheme regulations and help support the Scheme Manager in compliance with the regulations.

- 23.3 The Board made comments including:
- a. to query the term 'SCAPE discount rate'. Vickie Hampshire explained that this referred to the underlying rate used when taking assumptions about liabilities
  - b. to comment that there was no regulatory requirement to publish this paper but it was best practice and did help in reporting against whether discretions had been applied, for instance where there had been a death grant
  - c. to comment that the detailed and updated report was most helpful
  - d. to comment, on death benefits particularly, that the report gave helpful parameters.
- 23.4 Resolved –
1. That the Board noted the register of Policy Documents at Appendix A; and
  2. provided feedback on the policy documents presented at the Pensions Committee meeting at Appendix C, in respect of their compliance with regulations and guidance.

## **24. Investment Performance**

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

24.2 Rachel Wood introduced the report, the second iteration to be supplied as a Part I document, which set out the current valuation and position of the Fund accounts. The Board noted that the table at paragraph 2.1 represented 5 months' worth of data rather than 6 months as suggested in the header, also that cashflow was included at paragraph 3.2 and the team would continue to refine the data for future reports.

- 24.3 The Board made comments including:
- a. to question when a move to negative cashflow was anticipated. Rachel Wood explained that a tipping point would come, the estimated benefit increase was 6.7% which was higher than anticipated, but that currently the property portfolio provided an important second source of income provision. The Board noted that the positive funding position was not unique to the West Sussex scheme and that it was important to keep contributions at the current level and stable
  - b. to question whether the listed (equity and bond) portfolio returns were reinvested. Rachel Wood explained that there were two dates in the year when returns were paid back, at the moment they are being reinvested which was useful for growth
  - c. to question the current position on the 50/50 Scheme, given that if more members move to that option then the income would fall. Rachel Wood explained that no large change had

- been seen but this would be kept under review, also that this option was often used by higher earners
- d. to comment with regard to the 50/50 Scheme, that it had originally been intended to support those with lower earnings
  - e. to question whether it was possible to accurately reflect the net asset position (i.e. including liabilities) in a Part I paper. Taryn Eves responded that this would be considered and kept under review
  - f. to note that the table at Paragraph 4.1 should refer to September not June.

24.4 Resolved - That the Board noted the report which went to the Pensions Committee on 01 November 2023

## **25. Date of Next Meeting**

25.1 The Chairman highlighted that his tenure as Chairman would soon end and noted that a report would be made to the next meeting of the Governance Committee concerning recruitment.

25.2 The Board noted that its next scheduled meeting would take place on 09 February 2024 at 9.30 a.m. at County Hall, Chichester.

## **26. 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 items 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.

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

The Board agreed to Part II minutes of the 28 July meeting and they were signed by the Chairman.

## **28. Pensions Committee Minutes – Part II**

The Board noted the contents of the Part II minutes of the 26 July 2023 meeting of the Pensions Committee meeting.

## **29. Investment Strategy Implementation**

The Board considered a report by the Director of Finance and Support Services to the 01 November 2023 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

## **30. Update from ACCESS Joint Committee activity (September 2023)**

## Agenda Item 5

The Board considered a report by the Director of Finance and Support Services to the 1 November 2023 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.06 am

Chairman



Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank



Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank