

Pension Advisory Board

7 September 2020 – At a meeting of the Board at 9.30 am.

Present: Peter Scales (Chairman)

Richard Cohen, Miranda Kadwell, Kim Martin, Becky Caney and Tim Stretton

Apologies were received from Chris Scanes

Officers in attendance: Tara Atkins (Principal Pensions Consultant (Administration & Employers)), Vickie Hampshire (Finance Manager - Pension Fund Governance), Suzannah Hill (Democratic Services Officer) and Alistair Rush (Interim Deputy Director of Finance)

Part I

1. Virtual Meeting Arrangements

1.1 The Chairman ensured all those attending could hear and be heard clearly and advised them of the meeting protocols for asking questions.

1.2 The Chairman introduced a report outlining the steps the County Council had taken to comply with requirements for formal Virtual Meetings (copy appended to the signed minutes). Questions were invited concerning documents sent out to Board members in June in lieu of the scheduled meeting that had been postponed. There were no outstanding questions.

1.3 Resolved – that the Board noted the report and documents sent to Board Members in June 2020.

2. Declarations of Interests and Conflicts

2.1 No interests or conflicts were declared.

3. Part I Minutes of the last meeting

3.1 Resolved – That the Part I minutes of the meeting of the Board held on 26 February 2020 be approved as a correct record and signed by the Chairman.

4. Pension Advisory Board Membership

4.1 Resolved – That the Board noted that the Chairman of the Pension Advisory Board had agreed to re-appoint Kim Martin as an Employer Representative for a second four-year term. The new term would commence in December 2020, following the end of the current term.

5. **Progress Report**

5.1 The Board considered the progress report on matters arising from previous meetings (copy appended to the signed minutes). With regard to Minute 60.2, first bullet point, the Chairman queried the reference to LGA training. With the Board's agreement, the Chairman asked that this reference be removed from the Progress Report.

6. **Business Planning and Performance**

6.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes). In response to a query on whether internal audit would be an agenda item at the November meeting or the February meeting, **ACTION:** Vickie Hampshire to advise.

6.2 Resolved – That the Board agreed the recommendations in the Business Planning and Performance report for 2020/21 and that the Pensions Committee be informed accordingly.

7. **Regulations and Guidance update**

7.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes). The Chairman explained that there had been some delays in the flow of information due to the COVID-19 situation, particularly affecting the Good Governance work.

7.2 Concerning the Scheme Changes section of the report, Tara Atkins highlighted that:

- the consultation underway concerning the McCloud Supreme Court judgement would conclude in a months' time
- officers were working closely with the administration team to prepare communications with employers concerning the service and final pay information expected to be required, based on what is in the consultation. It was anticipated that administration work may need to begin before legislation is finalised in 2022
- further information was awaited on what implications cost control mechanisms would have
- exit payments changes would impact on employers as part of their HR strategy
- the implications of the recent Goodwin ruling are known. Legislation due in April 2021 is awaited before work on this can begin.

7.3 The Chairman invited comments and questions from the Board:

- Miranda Kidwell reported on a Scheme Advisory Board training event held in the previous week where, when questioned, the majority of pension scheme administrators present had considered the level of resource that would be required to administer the new regulations of the McCloud judgement to be 'major, but manageable'. There was also

- a notable proportion who felt that this would be a significant amount of work with few administrators feeling that it would not be a problem.
- the Chairman anticipated a report for the next meeting that would include information on the impact for the administration team.

7.4 Resolved that the Board noted the current issues related to Scheme Regulations and Guidance.

8. **Review of Pension Fund Policy Documents**

8.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes) which was introduced by Vickie Hampshire, Finance Manager – Pension Fund Governance. Members considered the list of policy documents. Vickie Hampshire drew attention to various points including:

- there were 3-4 Policy Documents listed in Appendix A due to be reviewed by the Board when they next met including the Governance Policy and Compliance Statement which was to be reviewed following information from the Good Governance work by the Scheme Advisory Board (SAB).
- Appendix B set out an addition to the Funding Strategy Statement concerning exit credits.
- paragraph 11 in Appendix C, compliance with the CIPFA guidance on preparing the annual report, the 'must' criteria score had increased from 81% last year to 95% this year. The remainder were not possible to achieve until the Fund invested in the ACCESS pool as the criteria pertained to pool related matters. The 'should' criteria had increased from 67% to 80%. Last year the guidance came out quite late so officers had not been able to react as quickly as they would have liked.

8.2 The Board made comments including the following:

- noted that the SAB Good Governance review had a draft proposal to revamp the 2008 guidance on the Statement of Compliance, so this currently stood deferred awaiting the outcome of that review.
- whether there was a significant difference between the estimates usually given by the Actuary on the IAS19 reports and the actuals, because of COVID-19. It was noted that only Private Equity valuations were estimated. Therefore, this was a small difference. The auditor had not requested any revisions.
- noted that the intention of the Pension Committee was to have almost half of the liquid portfolio invested in the pool by the end of the financial year. Work was on-going with the pool to set up the right structures for the illiquid investments to be made and to ensure Authorities get value for money.
- noted that the later agenda item on training would pick up plans for the transfer and ensure the Board was kept up to date
- noted that the updated Inter Authority Agreement had been agreed by all Councils and was due to go through the internal governance processes of each of the Councils and that would be included in a future training session. The Chairman felt it would be useful for the

Board to have training on how the ACCESS pooling investment process works. **ACTION:** Vickie Hampshire to note

- the Chairman congratulated the officer team for the work on compliance with the CIPFA guidance for preparing an Annual Report.

8.3 Resolved – That the Board noted the register of Policy Documents and feedback on the policy documents presented at the meeting in respect of compliance with regulations and guidance.

9. **Administration procedures and performance**

9.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes). Tara Atkins, Principal Pensions Consultant, introduced the report and highlighted that:

- the quarterly performance of the administration team stood at 100% compliance with key performance indicators
- the number of outstanding cases as at 30 June stood at 30, well within the expected levels
- there had been one data breach since the report to Committee. All classes of data were considered low risk and would not need to be identified to the Information Commissioners Office
- for active Annual Benefit Statements, the administration team produced 96.87% by the statutory deadline and 99.94% of deferred ABS's were published by the same date. This was considered to be a massive improvement on last year and reflecting the substantial data improvement work that had taken place.

9.2 The Chairman extended congratulations to the administration team for such a marked improvement in performance against key indicators, as had been promised prior to the transition. The Board noted that the 100% performance against key performance indicators had continued through July and August.

9.3 Resolved – that the Board noted the update on Administration Performance.

10. **Communication Strategy**

10.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes) which was introduced by Tara Atkins, Principal Pensions Consultant who highlighted that:

- the Communication Policy Strategy considered by the Board at its May 2019 meeting was currently being reviewed and updates would be reported to the next meeting
- communications deliverables since last year were set out at Appendix A and B and included the communications in relation to COVID-19
- the new format of the active and deferred annual benefit statements were set out at Appendix C. The document was subject to review next year and the Board's feedback was invited.

10.2 The Chairman questioned how the Board could best help in relation to the communications. It was noted that the Board's input would be sought on communication documents, such as the annual benefit statements, relating to format and layout rather than the technical detail, and this would happen following dispatch of the communications.

10.3 the Chairman invited comments and questions which included:

- that the Annual Benefit Statement was required to contain various statutory items which added to the challenge of making it easy to interpret. Noted that to date the feedback from scheme members had been positive but feedback from employers was welcome to support further consideration of how the document could be improved and that the timing was right for that feedback to be given
- a query on whether there might be an independent survey undertaken on Annual Benefit Statements. Noted that the administration team do invite feedback from scheme members but the detail of what could be requested through that would need to be considered or whether an independent survey would be better.

10.4 Resolved – that the Board noted the schedule of Communications drawn from the Communication Strategy and provided feedback at the meeting.

11. **Pension Fund Covid-19**

11.1 The Board received a report by the Director of Finance and Support Services (copy appended to the signed minutes) which was introduced by Vickie Hampshire, Finance Manager. The report focussed on the impact on COVID-19 on the fund, on investments, any experience in relation to death rates, the impact on cash flow and the response and experience of the administration team. It also referred to risk mitigation options. There were three surveys that the Scheme Advisory Board put out for funds in April and May, the results are on the Scheme Advisory Board's website and there was press reporting on those.

11.2 Comments and questions were invited from the Board and included a query on whether the re-risking strategy in place to deal with a deteriorating funding position. It was noted that there was not a trigger for automatically re-risking but there was a trigger for considering that action and that stood at 95% funded. At no point did the fund get below that point, the lowest point was 97% and it was now up to valuation levels again

11.3 Resolved – that the Board noted the report.

12. **Training**

12.1 The Board received a report by the Chairman outlining the training undertaken by Board members and the external training available (copy appended to the signed minutes). The Chairman explained that:

- the National Knowledge Assessment module had not been undertaken

- the usual training session following the Board meetings had not been scheduled as two long virtual sessions might be too much. This would be considered.
- consideration needed to be given to the PAB dynamic – the building on the programme of training items to share and tailor to the Board - and a Board member identified to lead on this. Miranda Kadwell kindly agreed to take on this role.

12.2 Resolved – that the Board noted the training report and that Miranda Kadwell would work with the Board on the PAB Dynamic.

13. **Date of Next Meeting**

13.1 The Board noted that its next meeting would take place from 9.30am on 13 November 2020.

14. **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.

15. **Part II Minutes of the last meeting**

The Board agreed the Part II minutes of the 26 February 2020 meeting and they were signed by the Chairman.

16. **Additional Voluntary Contributions**

The Board considered a report by Director of Finance and Support Services that went to the Pensions Committee on 22 July 2020.

The Board noted the report.

The meeting ended at 11.00 am

Chairman