

## **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