

Pension Advisory Board

16 May 2022 – At a meeting of the Pension Advisory Board held at 9.30 am at Virtual meeting with restricted public access.

Present: Peter Scales (Chairman)

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

Apologies were received from Chris Scanes

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

Due to technical issues it was not possible to webcast this meeting. The Chairman therefore agreed to run the meeting informally and refer all decision actions to the 5 September 2022 meeting.

1. Declarations of Interests and Conflicts

1.1 None declared.

2. Part I Minutes of the last meeting

2.1 The minutes of the meeting of the Board held on 11 February 2022 were noted for accuracy and would be carried on to the September Pension Advisory Board meeting for formal approval.

3. Progress Statement

3.1 The Chairman noted that the action from the last meeting for preserved refunds (minute 37.3 1st bullet) had been resolved via a circulated email from officers.

3.2 There were no outstanding issues.

4. Pensions Committee Minutes - Part I

4.1 The Board members in attendance considered the confirmed Part I minutes from the 4 February 2022 Pensions Committee meeting and the Agenda from the 29 April 2022 Pensions Committee meeting (copies appended to the signed minutes).

4.2 Resolved – That the minutes and agenda be noted.

5. Actuarial Valuation 2022

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

5.2 The Board members noted that they had received training from the Fund Actuary prior to the meeting which covered the upcoming fund valuation.

5.3 The Board members in attendance queried why the disclosures for climate risk were of concern. – Rachel Wood explained that the concern was not linked to the disclosures, but how climate change would impact the fund. Tests had been performed running climate change scenarios to see fund impact. A paper would be going to a future Pensions Committee meeting on this, which would then come to the subsequent Board meeting.

5.4 Resolved – That the report be noted.

6. Business Plan Update

6.1 The Board members in attendance 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 sought feedback on the foreword for the Annual Report. The Board members in attendance had no comments to add to the foreword. The Chairman explained that the Business Plan reflected the discussions that had taken place with Board members as part of the annual 1:1s with the Chairman.

6.3 Resolved – That the Board members in attendance:

- 1) informally support the performance information for inclusion in the pension fund annual report for 2021/22.
- 2) informally support the draft PAB Business Plan for 2022/23 and that the Pensions and Governance Committees be informed accordingly.
- 3) noted the Pensions Committee's business plan report.

7. Administration procedures and performance

7.1 The Board members in attendance received a report by the Director of Finance and Support Services that had been considered at the 29 April Pensions Committee meeting (copy appended to the signed minutes).

7.2 Tara Atkins introduced the report and confirmed that 100% of casework was being delivered. Key Performance Indicator timescales had been reviewed to see if they aligned with neighbouring authorities. The timescales were found to be in appropriate alignment. It was confirmed that feedback had been provided on the pension dashboard programme consultation and concerns had been raised with several scheme changes being implemented at once. Additional Voluntary Contributions (AVCs) had been reviewed by Hymans Robertson following the change of provider to Legal & General. The assessment was positive, and it was observed that there had been an increase in members investing AVCs since the transfer. The next review was scheduled for 2024.

7.3 Andrew Lowe confirmed that positive annual reviews had been undertaken with Katharine Eberhart, Director of Finance and Support

Services, and her team. The reviews were part of the contract and that there were also bimonthly partnership meetings with officers.

7.4 The Board members in attendance made comments including those that follow.

- Sought clarity over the reduction in active member numbers. – Rachel Wood explained that the numbers reflected work to correctly log historic leavers as deferred members. The figure in the report was closer to the true active member number.
- Noted that 70% of employers were using the portal queried the level of administration required for the remaining 30%. – Tara Atkins confirmed that the 30% represented small bodies in the fund like Parish Councils. The focus was on the large employers due to the high level of administration and payment processing required. However it was noted that the overall plan was for all employers to be on the portal. Andrew Lowe confirmed that the small bodies had a lower administrative burden.
- Sought an opinion on current administration capacity. – Andrew Lowe reported that staffing levels were good with good performance across all partners. There have been good communications with employers, and staff were good at recognising issues and working with employers to resolve.

7.5 Resolved – That the Board members in attendance note the update.

8. Communication Strategy

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

8.2 Tara Atkins introduced the report and drew attention to Appendix A which outlined all the communication updates since the last Board meeting.

8.3 Resolved – That the Board members in attendance note the schedule of communications.

9. Regulations and Governance update

9.1 The Board members in attendance 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 the summary note from the March Scheme Advisory Board meeting.

9.3 The Chairman stressed the importance of being aware of future compliance commitments for Schemes.

9.4 Resolved – That the Board members in attendance note the current issues relating to Scheme Regulations and Governance.

10. Policy Documents

10.1 The Board members in attendance 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 the Governance Policy including Compliance Statement was coming back to the Board following amendments made at the last Pensions Committee. The document had been included with tracked changes to allow the Board to see the amendments.

10.3 The Board members in attendance commented that the document did not include details on quorum arrangements. - Vickie Hampshire explained that the document included voting arrangements, and agreed to include quorum information at the next review.

10.4 Resolved – That the Board members in attendance note the register of policy documents and the changes made to the Governance Policy including Compliance Statement that were approved by the Pensions Committee.

11. Cyber Security

11.1 The Board members in attendance received a report by the Director of Finance and Support Services that had been considered at the 29 April Pensions Committee meeting (copy appended to the signed minutes).

11.2 Vickie Hampshire introduced the report and explained that the report had gone to the Pensions Committee to explain the red risk status in the risk register. The fund held a lot of personal data and so it was important to recognise all risks. It was reflected on that the risk would never be removed due to the changing nature and environment of cyber crime.

11.3 The Board members in attendance made comments including those that follow.

- Sought clarity over the work plan arrangements. – Vickie Hampshire confirmed that a work plan was being delivered for the year. Andrew Lowe reported the exercises that Hampshire had undertaken to review cyber security such as penetration testing of systems. Hampshire were committed to annual checks and their work plan had been signed off by Hampshire's IT Team. The Pension Regulator requirements had been adhered to, and staff undertook phishing training to help them recognise scams.
- Noted the difficulties that could occur when scheme members have been targeted and how to explain to them that they may have been subject to a scam.

11.4 Resolved – That the Board members in attendance note the update.

12. Date of Next Meeting

12.1 The Board members in attendance noted that the next scheduled Board meeting would take place on Monday 5 September at 9.30 a.m.

12.2 Adam Chisnall explained that more meetings at the County Council were now taking place in Committee rooms with public access. The Pension Advisory Board could similarly move to an in person meeting with public access. This would remove the requirement to webcast the meeting and free up officer resource in Democratic Services. Board members would still be able to join virtually.

12.3 The Chairman welcomed the option to retain virtual attendance which would be good for external presenters such as Hampshire County Council and Hymans Robertson.

12.4 The Chairman resolved to investigate the options and report back to Board members.

13. 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.

14. Part II Minutes of the last meeting

The Part II minutes of the meeting of the Board held on 11 February 2022 were noted for accuracy and would be carried on to the September Board meeting for formal approval.

15. Pensions Committee Minutes – Part II

The Board noted the contents of Part II minutes from the 4 February 2022 Pensions Committee meeting.

16. Update from ACCESS Joint Committee activity and proposals for change to governance (March 2022)

The Board considered the report by the Director of Finance and Support Services from the 29 April 2022 Pensions Committee (copy appended to the signed minutes).

The Board members in attendance noted the report.

17. Investment Strategy Implementation

The Board members in attendance considered a summary of the report by the Director of Finance and Support Services from the 29 April 2022 Pensions Committee (copy appended to the signed minutes).

The Board members in attendance noted the report.

The meeting ended at 11.15 am

Chairman