

## **Pensions Committee**

2 November 2022 – At a meeting of the Pensions Committee held at 10.00 am at County Hall, Chichester, PO19 1RQ.

Present:

Cllr Condie, Cllr J Dennis, Cllr Elkins, Cllr N Jupp (arrived at 10:05am), Cllr Turley, Cllr Urquhart (left at 12.30pm), Mr Kipling, Mr Wilding and Tim Stretton

Apologies were received from Cllr Hunt

### **Part I**

#### **35. Election of Chairman**

35.1 Adam Chisnall, Democratic Services Officer, welcomed all to the meeting and noted apologies from the Chairman, Cllr Jeremy Hunt. Nominations for the role of Chairman were invited. Cllr Deborah Urquhart nominated Cllr Joy Dennis, Cllr Roger Elkins seconded the nomination.

35.2 Resolved that Cllr Joy Dennis takes on the role as Chairman for the meeting.

#### **36. Declarations of Interests**

36.1 None declared.

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

37.1 Resolved – That the Part I minutes of the Pensions Committee held on 27 July 2022 be approved as a correct record, and that they be signed by the Chairman.

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

38.1 The Committee considered the Part I minutes from the informal meeting of the Pension Advisory Board on 16 May 2022; and the Agenda from the 5 September 2022 meeting (copies appended to the signed minutes).

38.2 Resolved – That the minutes and agenda be noted.

#### **39. Terms of Reference**

39.1 Resolved – That the changes to the constitution be noted.

#### **40. Business Plan**

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

40.2 Rachel Wood, Pension Fund Strategist, introduced the report and confirmed that the Pension Fund Financial Statements had been completed. There was a national Issue regarding infrastructure asset recording that was causing a delay to the County Council Financial Statements being completed and so it was not possible to do a final sign off with the pension fund statements. However, EY had confirmed they were satisfied with the pension fund statements.

40.3 The Committee made comments including those that follow.

- a. Queried if the risks needed to be updated for cybercrime. – Rachel Wood confirmed that the risk was already highly rated to reflect the current environment. The current risk reflected the actions that were being taken.
- b. Noted that the cybercrime risk only referred to the impact of personal data being accessed, and that the risk should reflect wider concerns. – Rachel Wood agreed to expand to description to reflect the wider consideration.
- c. Queried the private equity valuations. – Rachel Wood confirmed that the accounts had initially used estimations, and that there were no concerns with the updated valuation level.
- d. Sought clarity on the change in risk from red to amber for RT12. – Rachel Wood explained that whilst the likelihood was high, the impact would be well managed with the administration team.
- e. Questioned the impact of the accounts not being formally closed off. – Tony Kirkham, Interim Director of Finance and Support Services, explained that The Department for Levelling Up, Housing and Communities (DLUHC) had put out a consultation on the infrastructure issue which would look to resolve the issue and allow completion around January 2023. West Sussex County Council was in an advanced position compared to other local authorities with regard to accounts preparation. Rachel Wood added that the Scheme Advisory Board Chairman had written to the minister to request that pension fund accounts should not be linked to local authority accounts.
- f. Queried the shortages of auditors. – Tony Kirkham acknowledged the national issue which added significant risk to audit fees. This would encourage audit firms to recruit. It was confirmed that the County Council had a good relationship with EY and that the accounts were substantially closed except for the infrastructure issue.

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

## **41. Pension Administration**

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

41.2 Rachel Wood introduced the report and commented on the good performance for Annual Benefit Statement publication. There had been significant improvements made following the Hampshire takeover of administration. Work was continuing in preparation for the dashboard rollout.

41.3 Andrew Lowe, Head of Pensions, Investments and Borrowing, gave reassurance that the 24% of annual returns that had data issues were from smaller employers; and so the overall position of data quality was better than 24%. Steven Law, Fund Actuary, confirmed that the data was much improved from the 2019 position.

41.4 The Committee made comments including those that follow.

- a. Noted that the timeliness for annual returns was down from the previous year. – Andrew Lowe confirmed that his team continued to work with employers to improve timeliness issues. The team worked closely with the County Council team to make improvements and the timeliness position was similar to other authorities. Rachel Wood added that all employers were written to in order to make them aware of their rating. Any red issues were picked up and discussed to address any issues.
- b. Sought clarity over the one employer with 'significant concerns'. – Rachel Wood confirmed that the employer was not a large employer within the fund; and reported that there was already active engagement with the employer to work on issues.
- c. Asked if there were any serial offenders for annual returns. – Rachel Wood reported that there were twenty employers who had received two red ratings. These had been targeted to work on the issues.
- d. Queried if there were concerns on the outstanding Annual Benefit Statements (ABS) impact on the dashboard preparation. – Andrew Lowe commented that the overall context for ABS was good with improved data. Preparation for the national Pensions Dashboard was well on the administration team's radar.
- e. Sought clarity on the breach implications for ABS publication. – Rachel Wood confirmed that this was a breach due to not being 100% completed. Most funds similarly experienced this level breach. Non-compliance would be investigated to work on any required improvements.
- f. Asked if the committee should be comparing administration performance by quarterly reports. – Andrew Lowe explained that there were currently no concerns with the work in progress, and reflected the dependency on third parties providing data.
- g. Queried the progress with loading McCloud data sets. – Andrew Lowe confirmed that the work was ongoing. Rachel Wood reported that there had been challenges getting the required data from some employers. Steven Law confirmed that there were no regulations on McCloud yet and therefore no timetables. Steven Law added that, as a supplementary impact of the McCloud judgement, teachers who worked full time and extra additional part time hours would need the part time hours admitted to the Local Government Pension Scheme.
- h. Noted there were delays with death benefits and queried the target. – Andrew Lowe confirmed that delays were likely linked to the data requests to be able to facilitate the benefit processing. It was confirmed that assistance was given to assist the employers.
- i. Queried if delays with death benefits were linked to people not using electronic communication. – Rachel Wood agreed that it could be useful to identify the issues and see what could help the situation.

- j. Sought clarity on the process for dependent claim processes and who held the responsibility. – Andrew Lowe confirmed that the county council retained the discretion on who to pay. Rachel Wood agreed to circulate details on the process.

41.5 Resolved – that report be noted.

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

42.1 The Committee noted that its next scheduled meeting would take place on 30 January 2023 at County Hall, Chichester.

#### **43. 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.

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

The Committee agreed the Part II minutes of the Pensions Committee held on 27 July 2022.

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

The Committee noted the contents of the Part II minutes from the 16 May 2022 informal Pension Advisory Board meeting.

#### **46. Cyber Security**

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

The Committee considered the report and noted its contents.

#### **47. Actuarial Matters**

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

The Committee considered the report and noted its contents.

#### **48. Update from ACCESS Joint Committee activity (6 October 2022)**

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

The Committee considered the report and noted its contents.

**49. Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks**

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

The Committee considered the report and noted its contents.

**50. Investment Performance and Strategy**

The Committee considered a paper by the Interim 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.

**51. Cashflow Report**

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

The Committee considered the report and noted its contents.

**52. Presentation by Baillie Gifford**

The Committee received an update from Tim Gooding and Paul Roberts from Baillie Gifford on the portfolio performance for the quarter.

**53. Club Vita**

The Committee received a presentation from Jill Gallagher from Club Vita on pension fund longevity.

The meeting ended at 2.40 pm

Chairman