

Pensions Committee

28 April 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 Wilding and Tim Stretton

Part I

71. Declarations of Interests

71.1 None declared.

72. Part I Minutes of the last meeting

72.1 Resolved – That the Part I minutes of the Pensions Committee held on 30 January 2023 be approved as a correct record, and that they be signed by the Chairman.

73. Part II Matters

73.1 The Chairman invited committee members to indicate if they wished to bring into Part I any items on the Part II agenda. A member requested that all papers in Part II were brought into Part I or an explanation given as to why they were in Part II. The Chairman denied the request to bring the Part II papers into Part I and responded that the papers in the Part II section of the agenda were restricted in line with the usual practice of the committee. The Chairman undertook to ensure a full explanation was supplied.

73.2 Resolved – That the Committee noted that a written explanation for the rationale for the Part II papers of the meeting being restricted to the Part II section of the agenda would be circulated following the meeting.

74. Pension Advisory Board Minutes - Part I

74.1 The Committee considered the confirmed Part I minutes from the 14 November 2022 Pension Advisory Board meeting; and the agenda from the 10 February 2023 meeting (copies appended to the signed minutes).

74.2 The Committee thanked the Pensions Advisory Board for its work.

74.3 Resolved – That the minutes and agenda be noted.

75. Terms of Reference

75.1 The Committee considered edits to its Terms of Reference which set out additional functions agreed at the County Council meeting on 17 February 2023.

75.2 Resolved – That the terms of reference were noted.

76. Business Plan

76.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes). Rachel Wood, Pension Fund Investment Strategist, introduced the report which set out the priorities for the Fund for 2023/24, an update on achievements in 2022/23 and the full risk matrix.

76.2 Vickie Hampshire, Finance Manager, Pension Fund Governance, highlighted the key points in the full risk matrix including a reduction to the risks relating to the variety and number of employers in the Fund and the reliance on one contract for majority of investment management through the pool. A risk had also been added concerning climate related issues.

76.3 The Committee made comments including those that follow:

- a. to question whether the internal audit team had looked at processes related to onboarding new employees into the scheme, which was pertinent if the Fund was required to increase numbers of external employees. Rachel Wood explained that the processes completed by the administration team and the West Sussex pensions team had reviewed along with admission agreements and these could be included in any future audit scope. It was also noted that a contribution audit was undertaken by the internal audit team periodically, and consideration could be given into including that
- b. With regard to the investment management contract, whether this would be impacted once the sale of Link was complete. The Chairman explained that the current contract could not be extended beyond the current end date regardless of the sale
- c. to confirm that the proposed Strategy Day in January highlighted in the report was not an extra meeting and would take place in lieu of the scheduled meeting on that date
- d. to question the position of Fund in relation to implementation of required changes in respect of the McCloud judgement. Andrew Lowe, Assistant Director Pensions, Hampshire County Council, noted that while some authorities were struggling with this, the West Sussex Fund administration was in a good position and making good progress
- e. to question why there were four red ratings in the full risk matrix that were not highlighted in the summary to the report. Taryn Eves, Director Finance and Support Services undertook to undertake to review to ensure that the Pensions Committee have sight of all red risks regardless of the overall theme rating.
- f. to question, in respect of the change to the West Sussex County Council financial system, to what degree the Fund was reliant on County Council systems. Vickie Hampshire explained that the financial system produces the Pension Fund accounts and assured the Committee that there was good engagement between the implementation team and the Fund officers to ensure understanding of the Fund requirements was in place and functioning well.

76.4 Resolved – that

1. The Committee noted the update on Business Plan activities for 2022/23;
2. approved the Business Plan activities for 2023/24;
3. provided comments on the risk matrix.

77. Pension Administration

77.1 The Committee considered a report by the Director of Finance and Support Services. Taryn Eves introduced the report (copy appended to the signed minutes) and highlighted the key points as set out in the summary including that a meeting had been held recently between WSCC pensions officers and the Hampshire administrators to talk through past performance and priorities for the coming year. Andrew Lowe highlighted in respect of the government led Pension Dashboard, that the delay was a national issue and while it was hoped the September 2024 date for implementation would remain firm, it remained to be seen whether that would be the case.

77.2 The Committee comments included:

- a. to question what could be done to increase the number of fund members accessing the portal. Andrew Lowe confirmed there had been a 6% increase in numbers using the portal at the end of March 2023 compared with the same date in 2022, that this would increase as new starters joined but that there would always be a cohort that would not wish to use the portal
- b. to question the length of the Hampshire administration contract with West Sussex County Council. Taryn Eves explained that the partnership arrangement with Hampshire had no end date and agreed the possibility of Hampshire County Council no longer wishing to administer the Fund would be added to the risk register.
- c. to note that the Administration Activity table of Key Performance Indicators at Appendix A showed that all Indicators were being met but the casework in progress on the following page suggested several cases had not met the key indicators in terms of time taken to resolve issues. Andrew Lowe explained that the first table showed the total number of working days taken to resolve an issue, the second page included the lapsed time where progress could not be made as the team was waiting on information from third parties. It was suggested that it would be useful to know how long the gaps were and what the reasons for delay was.
- d. to note that average wait times for calls to be answered by the administration team had doubled between July 2022 and February 2023. Rachel Wood undertook to keep this under review.
- e. to question whether pension fund members were encouraged to contact the team via phone or email. Andrew Lowe explained that all methods of communication were encouraged, and people could expect to have queries responded to within five working days. Rachel Wood added that the member portal was also promoted as a communications tool.
- f. to note that the spring budget had brought about a significant change to the way pensions were taxed with the removal of the lifetime allowance charge and to question what communications had

been made to pension fund members to ensure this was understood. Andrew Lowe explained that information on the tax change was on the website along with links to the HMRC Guidance and it would be updated for the upcoming end of year.

- g. to question the number of long-service members working for West Sussex County Council who were approaching the retirement threshold and, with the taxation changes, what that could mean for the Council as well as the Fund. Taryn Eves undertook to investigate this and come back to the next Committee meeting with a verbal report. Andrew Lowe added that the Fund was not currently seeing a fall in active membership.
- h. to note the update concerning a death grant at paragraph 8.2, that no conclusion had yet been reached also that these issues were very few.
- i. to note complaints arising from issues related to data cleansing and to question whether the cleansing was complete. Rachel Wood explained that this work would never be 100% complete or correct and the challenge was to catch issues early by encouraging members to look at their annual benefit statements.

77.3 Resolved – that the Pensions Committee noted the report.

78. Committee Business Planning

78.1 The Chairman invited Committee Members to discuss and agree plans for the business of meetings. Suggestions included looking into the impact of increasing the size of fund pools as the government was looking to do, also administrative risk. Taryn Eves agreed there would be an opportunity for a deep dive into these issues at the Strategy Day in January.

78.2 The Committee noted that its next scheduled meeting would take place at 10.00am on 26 July at County Hall, Chichester.

79. 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.

80. Part II Minutes of the last meeting

The Committee agreed the Part II minutes of the Pensions Committee held on 30 January 2023.

81. Pension Advisory Board Minutes - Part II

The Committee noted the contents of the Part II minutes from the 14 November 2022 Pension Advisory Board meeting.

82. Investment Strategy Statement

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

83. Collaboration Opportunities

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

84. ACCESS

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

85. Investment Performance

The Committee considered a paper by the 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.

86. Presentation by Baillie Gifford

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

The Committee noted the report.

87. Presentation by ICG

The Committee received an update from Malcolm White and Matt Field from ICG on the portfolio performance for the quarter.

The Committee noted the report.

The meeting ended at 3.15 pm

Chairman