

Pension Advisory Board

28 July 2023 – 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, Kim Martin, Becky Caney, Ann Phillips and Richard Walton

Apologies were received from Taryn Eves

Also in attendance: Rachel Wood (Pension Fund Strategist), Vickie Hampshire (Pension Governance Manager) and Wendy Saunders (Democratic Services Officer).

Part I

1. Declarations of Interests and Conflicts

1.1 None declared.

2. Part I Minutes of the last meeting

2.1 Resolved – That the minutes of the meeting of the Board held on 22 May 2023 be approved as a correct record and signed by the Chairman.

3. Progress Statement

3.1 That the Board noted that there were no outstanding issues.

4. Pensions Committee Minutes - Part I

4.1 The Board considered the confirmed part I minutes from the 28 April 2023 Pensions Committee meeting and the Agenda from the 26 July 2023 Pensions Committee meeting (copies appended to the signed minutes).

4.2 Resolved – That the minutes and agenda be noted.

5. Business Plan Update

5.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes).

5.2 The Chairman introduced the report and highlighted that Hymans Robertson were advising the Pension Fund regarding the anticipated Good Governance guidance and whether there were areas where the Pension Fund/County Council needed to make changes to practice. It was clarified the outcomes of this advice would be reflected in updates to both the Pensions Committee and Pensions Advisory Board.

5.3 The Board made comments including those that follow.

- Queried the impact of the staff vacancy on the service. It was clarified that the role was currently being rescoped to

ensure it was reflective of future requirements. In the interim more use was being made of external expertise, including from Hymans Robertson, to ease pressure on the team.

- It was clarified that the reference to "IAS 19" in the Risk Summary related to International Accounting Standard 19 which relates to pension benefits.

5.4 Resolved – That the Board notes the update on Business Plan activities for 2023/24.

6. Administration procedures and performance

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

6.2 Rachel Wood introduced the report and highlighted a correction to the table at paragraph 2.1 as the period for comparison was between 31 December and 30 June 2023. The calculations would be updated for the next report. For activity over the last quarter, it was noted that compliance with Key Performance Indicators had been at 100%.

6.3 The team were making good progress with the preparatory work related to the implementation of regulation due at the beginning of October following the McCloud judgement. It was considered that the team were well positioned to manage the changes.

6.4 The Board made comments including those that follow.

- Queried the impact of the McCloud judgement on the fund. Rachel Wood indicated that the Actuary had taken account of the implications in management of the fund and that early indications were that the impact would be small.
- Sought clarification on the term non-club transfers mentioned in paragraph 3.2. It was explained this related to those member transfers coming from a private sector scheme rather than club transfers where the transferee was from a public sector scheme.
- Questioned whether more proactive communication was required to encourage higher usage of the Member Portal. Rachel Wood highlighted that usage levels in West Sussex were comparable with those of the Hampshire Pension Fund and the portal had been in use longer for Hampshire members. It is expected that usage levels would increase naturally over time as new scheme members are directed to register for and access the portal when they join the scheme. For those pensioners or individuals with deferred benefits who have opted out it is more difficult. Sending out the annual benefit statement to these members did provide an opportunity to highlight the portal and encourage them to register. There were also plans to undertake some focussed communications to try and improve engagement, for example with younger scheme members who may feel logging into the

portal was not important when not close to pensionable age. The targeted communication would encourage members to log on to check the accuracy of their personal details and as a consequence could help them see the functionality of the portal.

6.5 Resolved – That the Board notes the report.

7. Communication Strategy

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

7.2 Rachel Wood introduced the report and explained that the focus for the coming months would be communications highlighting the availability of the Annual Benefits Statements.

7.3 It was explained that rather than re-starting Annual General Meetings, which had ceased during the pandemic, options were being explored for engaging with employers by type – e.g., with groups of Parish Councils, Academies etc. This would assist in making the meetings more focussed to the specific issues affecting the different types of employers.

7.4 Resolved – That the Board notes the update.

8. Regulations and Governance update

8.1 The Board received a report by the Chairman of the Pension Advisory Board (copy appended to the signed minutes).

8.2 The Chairman introduced the report and confirmed he had circulated all published LGPS Bulletins. He also highlighted the recently published government consultation which covered asset pooling and the potential changes this could bring to the current arrangements.

8.3 The Board made comments including those that follow.

- Queried the potential impact of merging pools, so there were fewer across the country, as all the Pension Fund liquid assets were currently pooled via the existing ACCESS arrangement. Rachel Wood explained that if regulations were introduced that meant the pooling arrangements needed to be altered it could result in transaction charges and tax costs being incurred by the Pension Fund. The Chairman also explained that fewer pools could result in the Pension Fund having less influence on investment choices. Rachel Wood indicated that as the deadline for the response to the consultation was prior to the next meetings of the Pensions Committee and Pensions Advisory Board officers would share the response with members virtually.
- Noted that two members of the Board had attended the meeting of the Joint Committee; feedback from the attendees indicated that it was helpful to see how the decision-making process worked in practice.

8.4 Resolved – That the Board notes the current issues relating to Scheme Regulations and Governance.

9. Review of Pension Fund Policy Documents

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

9.2 Vickie Hampshire introduced the report and explained the required sequence of events for publication of the Pension Fund Annual Report in December. The Statement of Accounts would be considered by the Regulation, Audit and Accounts Committee at the meeting on 1 December and once these were confirmed by the Committee the Annual Report could be published. She also highlighted that forecasting and cash flow will be reflected in the 2023/24 report.

9.3 The Board made comments including those that follow:

- Queried the potential discrepancy in data regarding the number of active scheme members which differed between reports in the agenda papers and the LGPS website. Rachel Wood explained this was because employers are updating information constantly which then required processing by the casework team and resulted in changes to data which had to be applied retrospectively. It was also clarified that the LGPS website referenced older data. Vickie Hampshire resolved to try and ensure more consistency in data included in the different reports being considered by the Board.
- Noted that the penultimate paragraph of page 15 of the annual report would be amended to remove the last sentence.
- Sought clarity on the interest charged as set out in the receipts section of the report and indicated there could be more awareness raised amongst employers that they could be charged interest. Vickie Hampshire explained that regulations had always been in place to enable interest to be charged on late payments. It was likely this option would only be applied if the outstanding payments were substantial due to the administrative costs involved.
- Queried why Sussex Police were included with Councils in the contribution breakdown illustration. Vickie Hampshire explained this was because the Police are a scheduled body and are grouped within the Funding Strategy Statement.
- Welcomed the addition of data setting out the membership mix and highlighted that it would be useful to see a separate breakdown just for the County Council as the largest employer.
- Felt the report was clear and well-presented and welcomed the Annual Report summary which provided a useful overview of key points for scheme members.

9.4 Resolved – That the Board notes the register of policy documents.

10. Investment Performance

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

10.2. Rachel Wood introduced the report and highlighted a correction to the table at paragraph 5.1 indicating that the market value at 30 June 2023 should read £5,361,278,000.

10.3. The Board welcomed receiving this report as a Part I item.

10.4. Resolved - That the Board notes the report

11. Date of Next Meeting

11.1 The Board noted that its next scheduled meeting would take place on 13 November 2023 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 items 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 22 May 2023 meeting and they were signed by the Chairman.

14. Pensions Committee Minutes – Part II

The Board noted the contents of Part II minutes from the 28 April 2023 Pensions Committee meeting.

15. LGPS Investment Pooling

The Board considered the report by the Director of Finance and Support Services from the 26 July 2023 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.27 am

Chairman