

Pension Advisory Board

13 November 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, Becky Caney, Ann Phillips and Richard Walton

Apologies were received from Kim Martin

Part I

16. Declarations of Interests and Conflicts

16.1 Peter Scales declared an interest as the Senior Advisor at Apex in respect of the Update from ACCESS Joint Committee activity (September 2023).

17. Part I Minutes of the last meeting

17.1 Resolved – That the minutes of the meeting of the Board held 28 July 2023 be approved as a correct record and signed by the Chairman.

18. Pensions Committee Minutes - Part I

18.1 The Board considered the confirmed part I minutes from the 26 July 2023 Pensions Committee meeting and the Agenda from the 01 November 2023 Pensions Committee meeting (copies appended to the signed minutes).

18.2 The Chairman, Peter Scales commented in respect of minute 4.2a, that it was pleasing to see that the liaison between the Board and the Committee was working well.

18.3 Resolved – That the minutes and agenda be noted.

19. Business Plan Update

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

19.2 The Chairman introduced the report and highlighted that, as had been the case in for the previous few meetings, there had been slow progress on national initiatives in terms of activities with the exception of the 'Next Steps on Investments' consultation which had been launched in July and for which government feedback was awaited.

19.3 The Chairman alerted members to the schedule for Annual Performance Reviews and that meetings would be set up between the Chairman and individual Board members in the near future.

19.4 Rachel Wood, Pensions Strategist, highlighted at Appendix B that work was continuing into quarter 3 to address the governance priority concerning cyber-attack, as was work on building knowledge and data on carbon metrics while the government response on the governance and reporting of climate change risks consultation was awaited.

19.5 The Board made comments including:

- a. to note, on the Pension Fund accounts audit which would be presented to the Regulation, Audit and Accounts Committee on 01 December, that the national issue with the accounts completion backlog continued, and to question whether anything had come of the Scheme Advisory Board suggestion that Pension Funds be separated out. Vickie Hampshire, Finance Manager, said that no response had been received on that point as yet
- b. to remind members of the Pension Fund accounts training taking place on 16 November
- c. to question, on the National Fraud Initiative audit work, how the four cases of pensions being paid where death certificates had been issued had come about. Rachel Wood explained that the WSCC team had investigated and confirmed which cases required recovery, also that this number of cases identified was not unexpected and did not point to a systemic issue
- d. to note on training, that the report to the next meeting would include data for the LGPS Online Learning Academy (LOLA). Vickie Hampshire reminded members to alert her to any training undertaken except those undertaken via the LOLA portal, which updated the information to the register automatically
- e. to question what the feedback was on membership of Pensions for Purpose. Rachel Wood explained that more information on this stakeholder group, which looked at investment trends, was linked via the Part II papers and that membership was in line with the Pension Committee's Investment Strategy Statement and highly rated by fund managers and other LGPS funds.

19.6 Resolved – That the Board noted the update on the Business Plans of the Board and of the Pensions Committee.

20. Updated report: Administration Procedures and Performance

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

20.2 Rachel Wood introduced the report and highlighted activity since the last meeting including that the scheme website had been updated with information on Annual Benefit Statements, that posters had been provided for workplaces related to accessing the member portal and that employers had been contacted regarding training available during the autumn. The Chairman questioned attendees to date for the training. Rachel Wood responded that there had been a reasonable turnout.

20.3 Resolved – That the Board noted the updates in Appendix A.

21. Communication Strategy

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

21.2 Rachel Wood introduced the report and highlighted activity since the last meeting including that the scheme website had been updated with information on Annual Benefit Statements, that posters had been provided for workplaces related to accessing the member portal and that employers had been contacted regarding training available during the autumn. The Chairman questioned attendees to date for the training. Rachel Wood responded that there had been a reasonable turnout.

21.3 Resolved – That the Board noted the updates in Appendix A.

22. Regulations and Governance Update

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

22.2 The Chairman introduced the report and confirmed he had circulated to Board members all published LGPS Bulletins. The Chairman drew attention to recent regulations and governance work including the summary of the work of the Scheme Advisory Board, the Department for Levelling Up, Housing and Communities (DLUHC) consultation entitled 'Next Steps to Investments' and the continuing process by the Pensions Regulator to bring into force the new 'General Code'.

22.3 The Board made comments including:

- a. to note that feedback was awaited from the government on its 'Next Steps to Investment' consultation
- b. that moves to consider the allocation of large pension schemes to new initiatives were also being considered in the private sector, but there was no legislation for this and none hinted at in the Kings Speech nor the Autumn Statement
- c. to note that this was a long-running issue and pension schemes had been asked in the past to invest in private equity.

22.4 Resolved – That the Board noted the current issues relating to Scheme Regulations and Governance.

23. Review of Pension Fund Policy Documents

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

23.2 Vickie Hampshire introduced the report and appendices which contained one draft policy for review, the Review of Administering Authority Discretions at Appendix B, which while not a statutory requirement, would support Board members to ensure they have the

relevant knowledge and understanding of the Scheme regulations and help support the Scheme Manager in compliance with the regulations.

- 23.3 The Board made comments including:
- a. to query the term 'SCAPE discount rate'. Vickie Hampshire explained that this referred to the underlying rate used when taking assumptions about liabilities
 - b. to comment that there was no regulatory requirement to publish this paper but it was best practice and did help in reporting against whether discretions had been applied, for instance where there had been a death grant
 - c. to comment that the detailed and updated report was most helpful
 - d. to comment, on death benefits particularly, that the report gave helpful parameters.

- 23.4 Resolved –
1. That the Board noted the register of Policy Documents at Appendix A; and
 2. provided feedback on the policy documents presented at the Pensions Committee meeting at Appendix C, in respect of their compliance with regulations and guidance.

24. Investment Performance

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

24.2 Rachel Wood introduced the report, the second iteration to be supplied as a Part I document, which set out the current valuation and position of the Fund accounts. The Board noted that the table at paragraph 2.1 represented 5 months' worth of data rather than 6 months as suggested in the header, also that cashflow was included at paragraph 3.2 and the team would continue to refine the data for future reports.

- 24.3 The Board made comments including:
- a. to question when a move to negative cashflow was anticipated. Rachel Wood explained that a tipping point would come, the estimated benefit increase was 6.7% which was higher than anticipated, but that currently the property portfolio provided an important second source of income provision. The Board noted that the positive funding position was not unique to the West Sussex scheme and that it was important to keep contributions at the current level and stable
 - b. to question whether the listed (equity and bond) portfolio returns were reinvested. Rachel Wood explained that there were two dates in the year when returns were paid back, at the moment they are being reinvested which was useful for growth
 - c. to question the current position on the 50/50 Scheme, given that if more members move to that option then the income would fall. Rachel Wood explained that no large change had

- been seen but this would be kept under review, also that this option was often used by higher earners
- d. to comment with regard to the 50/50 Scheme, that it had originally been intended to support those with lower earnings
 - e. to question whether it was possible to accurately reflect the net asset position (i.e. including liabilities) in a Part I paper. Taryn Eves responded that this would be considered and kept under review
 - f. to note that the table at Paragraph 4.1 should refer to September not June.

24.4 Resolved - That the Board noted the report which went to the Pensions Committee on 01 November 2023

25. Date of Next Meeting

25.1 The Chairman highlighted that his tenure as Chairman would soon end and noted that a report would be made to the next meeting of the Governance Committee concerning recruitment.

25.2 The Board noted that its next scheduled meeting would take place on 09 February 2024 at 9.30 a.m. at County Hall, Chichester.

26. 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.

27. Part II Minutes of the last meeting

The Board agreed to Part II minutes of the 28 July meeting and they were signed by the Chairman.

28. Pensions Committee Minutes – Part II

The Board noted the contents of the Part II minutes of the 26 July 2023 meeting of the Pensions Committee meeting.

29. Investment Strategy Implementation

The Board considered a report by the Director of Finance and Support Services to the 01 November 2023 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

30. Update from ACCESS Joint Committee activity (September 2023)

The Board considered a report by the Director of Finance and Support Services to the 1 November 2023 Pensions Committee (copy appended to the signed minutes).

The Board noted the report.

The meeting ended at 11.06 am

Chairman