

Annual Meeting of the Pension Fund

25 July 2018 – At the Annual Meeting of the Pension Fund held at 2.15 pm at Committee Room 3, County Hall, Chichester, West Sussex, PO19 1RQ.

1. Welcome

1.1 Jeremy Hunt, Chairman of the Pensions Panel, welcomed attendees to the meeting.

1.2 Jeremy Hunt welcomed the attendees from the Pension Advisory Board; representatives from Hymans Robertson (the fund Actuary); representatives from Baillie Gifford; and attendees from Hampshire County Council who would be taking on responsibility for Pension Fund administration from March 2019.

1.3 Jeremy Hunt thanked the existing Capita staff for their work on pension administration and hoped to see as many staff as possible transfer over to Hampshire County Council.

1.4 Jeremy Hunt thanked officers and fund managers for their work which had resulted in a good position for the fund which was 110% funded.

1.5 Pooling remained a challenge for the fund, and officers were thanked for their work in progressing this.

2. Draft Annual Report of the Pension Fund

2.1 Steve Harrison, Financial Planning Manager, introduced the draft Annual Report of the Pension Fund (copy appended to the signed minutes).

2.2 The Fund held £4.2bn in total assets and was currently moving from equities to bonds to derisk. The fund was cashflow positive and had seen good performance from fund managers.

2.3 The role of the Pensions Panel was explained and how the Pension Advisory Board ensured compliance for the fund.

2.4 An attendee questioned the mention of oversea and domestic meetings within the report. – *Steve Harrison explained that this referred to the work of fund managers who would be tracking foreign investments.*

3. Pension Fund Pooling

3.3 John Wright, Hymans Robertson, gave a presentation on pooling (copy appended to the signed minutes).

4. Investment Markets

4.1 Susan Swindells and Lynn Dewar gave a presentation and spoke about the returns that Baillie Gifford had achieved for the pension fund (copy appended to the signed minutes).

4.2 Baillie Gifford looked at businesses that were focussed on growth and were currently investigating opportunities in LED Lighting.

4.3 The Baillie Gifford Global Alpha Stewardship was also explained, and how it would align with the aspirations of the pension fund.

5. Actuarial Matters

5.1 Steven Law, Hymans Robertson gave a presentation on regulatory changes and the impact on exit credits (copy appended to the signed minutes).

5.2 Steven Law explained the recent change in legislation and how this would impact exit credits.

5.3 Steven Law also explained the National Academy Review and the consultation process this would follow.

5.4 An attendee questioned the 110% funding level and if this would lead to a change in employer contributions and lump sum amounts. – *Steven Law explained that in the immediate term, this would only impact a closed admission body that was leaving the fund soon as contributions from employers are otherwise set at each valuation. However, contribution rates and lump sums would be considered at the next valuation in 2019.*

5.5 An attendee asked when employers would be informed of initial contribution rates. – *Steven Law expected this information should be available in October 2019 to assist with budget planning.*

5.6 An attendee sought clarity on section 75 payments and the repayment of deficits. – *Steven Law explained that if there was a surplus the regulations said this should be paid in 3 months or on an agreed date. The regulations did not have a deadline for deficit payments. Attendees were advised to talk to the pension fund if they were concerned.*

6. Pension Administration Update

6.1 Steve Harrison introduced the item and explained that the decision had been taken to move the pension administration function from Capita to Hampshire County Council.

6.2 Andrew Lowe from Hampshire County Council explained that the main migration work would be completed in March 2019. Hampshire County Council had experience with pension transfers. The migration would be performed with the pension system provider Civica. Discussions were already taking place with Capita regarding the migration.

6.3 Andrew Lowe explained that Hampshire County Council placed great emphasis on data quality and would maintain a high standard of performance for the pension fund.

6.4 An attendee queried what would happen with the Hartlink system. – *Andrew Lowe explained that the Hartlink system belonged to Capita and so Hampshire County Council intended to transfer data to their own administration system (Civica). Member access would be in place when the system went live, employer access would follow.*

6.5 An attendee queried how members would be engaged in the changes. – *Steve Harrison explained that a communication plan was a key consideration for the project.*

6.6 An attendee sought clarity on how incorrect data within the current system would not be migrated across to the new system. – *Andrew Lowe explained that the Civica system would perform match exercise to look at the data. The output of this would be shared with West Sussex County Council and employers to rectify any issues.*

6.7 An attendee queried the progress with Guaranteed Minimum Pension. – *Steve Harrison explained that this project was still underway. The work will progress but complete following the migration in compliance with HMRC requirements.*

6.8 An attendee queried the implications of GDPR. – *Andrew Lowe explained that West Sussex County Council, Hampshire County Council, Capita and Civica were all collaborating to ensure the safety of data was maintained. Steve Harrison added that officers were mindful of this and had sought IT and legal advice.*

6.9 An attendee queried how Hampshire County Council's performance statistics compared to Capita's. – *Jeremy Hunt explained that Hampshire County Council's Key Performance Indicators (KPIs) had slightly longer turnaround times than current adopted for the Capita contract but they covered a broader range of case types and there was a 100% target for each providing more certainty for delivery. As a result Hampshire County Council had a high satisfaction rating. It was important to improve the management of member expectations and ensure that delicate situations were handled on a case by case basis.*

The meeting ended at 3.25 pm

Chairman