

Pension Advisory Board

21 September 2016 – At a meeting of the Board held at 9.30 a.m. at County Hall, Chichester.

Present: Peter Scales (Independent Chairman), Richard Cohen (Employer representative) and Andy Elder (Scheme member representative).

Apologies Chris Scanes

Officers: Vickie Hampshire (Project Accountant - Pensions), Clare Chambers (Pensions Operations Manager), Tara Atkins (Pensions Intelligent Client) and Adam Chisnall (Acting Democratic Services Officer)

Part I

Introductions

167. Jeremy Hunt (Chairman of the Pensions Panel since February 2016) attended the meeting to introduce himself to the Board.
168. Mr Hunt explained the work of the Pensions Panel and welcomed the input from the Pension Advisory Board.
169. Mr Hunt gave an update to the Board on the progress of pension fund pooling arrangements. It was confirmed that the final submission for ACCESS had been submitted with a proposal for renting a Collective Investment Vehicle (CIV) for governance of the pool; with a long-term to view to buy the CIV.
170. The Board queried the management of the CIV and if the Pensions Panel were comfortable with oversight arrangements. – *Mr Hunt confirmed that the plan was to have a joint committee of all the Chairmen from the Panels within the ACCESS group to oversee and monitor performance. Fund allocation and class would still be decided at panel/fund level. The work of the Board would continue to be the monitoring of the Panel and the Fund.*
171. The Board sought clarity on infrastructure investments. – *Mr Hunt explained that no plans had been made for infrastructure investments and that information was being sought on how infrastructure plans would work. It was confirmed that the Government would not be able to force investment into infrastructure; the Pensions Panel would consider infrastructure investments if there were good returns expected.*
172. Mr Hunt informed the Board that he had written to the Government to say that the approach of pooling was not expected to yield the level of anticipated savings.

Declarations of Interest

173. None declared.

Part I Minutes of the meeting held on 25 May 2016

174. Resolved – that the minutes of the meeting of the Board held on 25 May 2016 be agreed as a correct record.

Progress Report

175. The Board considered the progress report on matters arising from previous meetings (copy appended to the signed minutes).

176. Adam Chisnall introduced the report and informed the Board that, since the publication of the papers, Mr Scales and Mr Cohen had been sent the draft Employer Newsletter and invited to participate in the User Acceptance Testing of the Employer Portal.

177. Mr Cohen confirmed that his training session, scheduled for December, would be on the UK taxation system and not the EU.

178. Mr Scales commented on the Funding Strategy and asked if it was possible for the Board to see The Chartered Institute of Public Finance and Accountancy (CIPFA)'s recently issued guidance. – *Vickie Hampshire resolved to investigate and circulate to the Board if it was available.*

179. Resolved – That the Board noted the report.

Local pension board news update

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

181. The Chairman introduced the report and explained that it contained information that was current and of interest to the Board.

182. The Scheme Advisory Board's website was promoted as providing useful information on local boards and their compliance with the Public Service Pensions Act 2013. The Chairman confirmed that West Sussex were in full compliance. – *Vickie Hampshire resolved to send Board members a link to the Scheme Advisory Board's website.*

183. CIPFA were reported to be issuing guidance on governance arrangements for pension pooling. – *Vickie Hampshire resolved to investigate and circulate to the Board if it was available.*

184. Resolved – That the Board noted the report.

Pensions Panel Minutes – Part I

185. The Board considered the confirmed part I minutes from the April Pensions Panel meeting; and the Agenda from the July Pensions Panel meeting (copy appended to the signed minutes).

186. Resolved – That the minutes and agenda be noted.

Administration procedures and performance

187. The Board received a report by the Director of Finance (copy appended to the signed minutes).

188. Tara Atkins introduced the report and explained that the report contained all previously requested information.

189. The Board made comments including those that follow. It:

- Queried the delay to the Annual Benefit Statements (ABS) and asked if they had now been distributed. – *Tara Atkins confirmed that at the time of the report publication they had not been sent out; however they had now been sent out. PDF documents had been made available on the portal on 6 September. Investigative work was being carried out to determine if the delay constituted a breach in policy.*
- Sought details on the reason and implications on the delay. – *Tara Atkins confirmed that, given the previous year's delay, officers needed to demonstrate improvement from last year. The investigative work included clarifying the reason for the delay to determine if it was the same issue as last year or a new issue. Clare Chambers added that late reports from employers impacted the timetable.*
- Asked if partial statements could be issued for employers who met deadlines. – *Clare Chambers said this could be investigated in the future.*
- Queried if the delay was likely due to a resource issue. – *Tara Atkins reported that last year's delay was linked to wider Capita issues, not just a local resource issue.*
- Sought clarity on the numbers of users who had signed up for online statements. – *Tara Atkins reported that the intention was to monitor usage after the new website was live to see if sign up had improved. Clare Chambers commented that employers using the online system were able to self-serve which led to faster processes.*
- Asked if the Essentials Certificate has been sent following the data quality work. – *Tara Atkins confirmed this had been received and resolved to circulate to the Board.*
- Queried if the value of late contributions could be included on future reports and if the employer was a repeat offender. – *Vickie Hampshire resolved to include the value on future reports and investigate if it was possible to include details on repeat offenders. Clare Chambers commented that if repeat offenders were impacting on Capita processes, it may demonstrate a need for employer training.*
- Raised concerns with multiple failures to achieve Key Performance Indicator (KPI) targets. – *Clare Chambers confirmed that Capita were looking into this issue to see if they had adequate resource to achieve the targets. It was speculated that the level of work required to achieve KPIs had increased by 20% since the contract had started.*
- Queried if employees on fixed term contracts were permitted to join the scheme; and also asked if a company set up by a council could join. – *Tara Atkins confirmed that it depended on the contract type. 3 month contracts were allowed to join the scheme. For council-run companies, it would depend on the make-up of the company.*

190. Resolved – That Board notes the report and welcomes the additional information. The Starters and Leavers Breach Report (Appendix D) was noted.

Risk Register

191. The Board received a report by the Director of Finance (copy appended to the signed minutes).

192. Vickie Hampshire introduced the report and confirmed it contained the additional information that had been requested by the Board.

193. The Board made comments including those that follow. It:

- Queried the action that can be taken for high ranked risks that were potentially beyond control. – *Vickie Hampshire confirmed that the risks were monitored carefully and all actions that were possible were used to mitigate risks.*
- Raised concern on the potentially incorrectly calculated rating figures for the Pension Fund accounts and Quality of Information risks. - *Vickie Hampshire resolved to investigate the figures.*

194. Resolved – That the Board notes the Risk Register.

Newsletter Review

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

196. The Chairman introduced the report which outlined the Boards involvement in the 2016 Newsletter process.

197. The Board made comments including those that follow. It:

- Commented that the Board had been involved too late in the process. – *Clare Chambers reported that the newsletters had been discussed at a recent Service Review meeting to look at the approvals process for newsletters going forwards and how the Board would be involved. Tara Atkins reported that Capita's communications and graphics team called Creative Sparks had proposed managing the newsletter process going forwards. The Board requested to see the outcome of the review at their next meeting.*
- Raised concerns that a graphics company would be responsible for the contents of the newsletters. – *Tara Atkins confirmed that Creative Sparks would only be responsible for the format of the newsletter, not the content.*
- Felt that a balance was required between the newsletter being user friendly and something that made sense and was read by members. – *Tara Atkins confirmed that a main piece of work would be to remove jargon from the newsletters.*
- Confirmed that the Board wanted to help with the process and not cause a hindrance.

- Commented on the draft Employer newsletter and that the majority of information was 6 months old. It was felt that the newsletter contained too much standard information; rather than what employers wanted to know, e.g. 'What is the cost?' and 'What do we need to do?'. - *Tara Atkins welcomed the feedback on the employer newsletter.*

198. Resolved – That the Board requests an item at their next meeting to see the outcome of the review and consider the Board's involvement for the newsletter process going forwards.

Pension AGM Feedback

199. Mr Cohen gave feedback to the Board on the Pension AGM in July. He felt that the Hymans Robertson valuation section was useful, but felt that the UBS section had focussed too much on the outcome of the EU referendum and did not link this back the pension fund. Mr Cohen proposed that the next AGM should contain a presentation from Capita, outlining the processes employers should follow and the implications of late responses.

200. The Board felt that it was useful to retain a question and answer session within an AGM to address any queries employers may have.

201. Vickie Hampshire welcomed the feedback and resolved to pass it on to relevant parties. It was proposed that next year's AGM would feature pooling arrangements.

202. Resolved – That Board welcomes Mr Cohen's feedback and request that his comments are considered for future AGM planning.

Annual Report

203. The Board received a copy of the 2015/16 Annual Report for the West Sussex Pension Fund (copy appended to the signed minutes).

204. The Chairman informed the Board that the Annual Report had been placed on the agenda to allow the Board members the opportunity to ask any questions and to check compliance against the regulations. It was highlighted that the document contained useful links that would be of interest to Board members.

205. The Board queried the Pensions Panel members' training attendance. – *Vickie Hampshire confirmed that the Panel members' training was monitored and that there were no concerns on lack of attendance. It was proposed that some training courses were annual with the same content and so attendance every year was not required. Tara Atkins confirmed that the Fundamentals course was the same 3 days of training every year.*

206. Resolved – That Board notes the Annual Report and West Sussex's compliance with the necessary regulations.

Surveys

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

208. The Chairman introduced the report and commented that the results of the CIPFA survey gave useful insight into other Local Pension Boards. The Pension Regulator's survey results were more generic but useful nonetheless in seeing how compliance was being monitored.
209. Resolved – That Board notes the survey results and agrees that no further action is required.

Training

210. The Board received a document outlining the training that been recorded for Board members (copy appended to the signed minutes).
211. Adam Chisnall introduced the report and was informed that the wrong training modules had been listed for the Pension Regulator Toolkit. Adam Chisnall resolved to correct this for future reports.
212. The Board were reminded that Mr Cohen would be delivering a training session in December on the UK taxation system and the wider pension landscape. The Chairman agreed to deliver training in December on Investment Regulations.
213. Resolved – that Board members will continue to report progress on training.

Date of Next Meeting

214. The Board noted that its next scheduled meeting would take place on Wednesday 6 December 2016 at 10.00 a.m. at County hall, Chichester.
215. The Board agreed the proposed dates for 2017/18 and noted that the April 2017 date had been cancelled.

Exclusion of Press and Public

216. 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.

The meeting ended at 12.05 p.m.

Chairman

Summary of Matters discussed in the absence of the Press and Public

Part II Minutes of the meeting held on 25 May 2016

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Board agreed the part II minutes of the 25 May 2016 meeting.

Pensions Panel Minutes – Part II

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Board noted the contents of part II minutes from the April Pensions Panel meeting and discussed the challenge that the Panel gave to Fund Managers. Vickie Hampshire proposed inviting Caroline Burton (Independent Adviser to the Pensions Panel) to a future Board meeting to discuss how the Panel challenged Fund Managers.