

Unconfirmed minutes – subject to approval/amendment at the next meeting of the Pension Advisory Board

## **Pension Advisory Board**

29 November 2017 – 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), Kim Martin (Employer representative), Chris Scanes (Scheme member representative) and Tim Stretton (Scheme member representative).

Officers: Vickie Hampshire (Finance Manager - Pension Fund Governance), Laura Davies (Finance Manager – Pension Fund (Accounting & Reporting)), Terry Langworthy (HR Adviser (Pensions)), Tara Atkins (Pensions Intelligent Client), James Scull (Team Leader - Projects Team) and Adam Chisnall (Democratic Services Officer)

### **Part I**

41. The Chairman welcomed Tim Stretton to the meeting as the new Scheme member representative for the Pension Advisory Board to replace Andy Elder who was no longer a member of the Local Government Pension Scheme.

#### **Declarations of Interests and Conflicts**

42. The Chairman explained that potential conflicts of interest had been added to this section of the agenda for consideration as discussed at the previous meeting.

43. None declared.

#### **Part I Minutes of the previous meeting**

44. Resolved – that the minutes of the meeting of the Board held on 5 July 2017 be agreed as a correct record.

#### **Progress Report**

45. The Board considered the progress report on matters arising from previous meetings (copy appended to the signed minutes). Adam Chisnall introduced the report and summarised the actions that had been completed.

46. Laura Davies gave the Board an update on Investment Cost Transparency following a seminar she had attended. The Scheme Advisory Board was working on this to get managers to show implicit and explicit costs. A template had been created to assist with this and managers could sign up to a transparency code. At the last meeting it was reported that 25 managers had signed up. The impact on pooling had been discussed and if pools should also sign up to the code. Work was needed to understand how to analyse savings for pooling as costs were likely to increase.

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

- Queried if pools could be forced to sign up to the code. – *Vickie Hampshire explained that the difference between pools and companies managing assets needed to be understood first. At the moment sign up was advised, but this was expected to become mandatory. The Chairman commented that compliance would need to be monitored if it became mandatory.*
- Asked if this only covered pensions or all areas of finance. – *Laura Davies confirmed that this only covered pensions so far, but it was likely to also go out to the private sector.*
- Queried if transparency could be compared with historic data. – *Laura Davies reported that Baillie Gifford had looked into an exercise to estimate previous costs and that other fund managers could also be asked to look back.*

48. Vickie Hampshire gave an update on the impact of General Data Protection Regulations (GDPR) and the requirement to only hold necessary data. Officers needed to map where data went, how it was held and how appropriate it was to keep. The County Council would be employing a Data Protection Officer to oversee the work.

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

- Asked if the fund would be nominating an officer to look into this. – *Vickie Hampshire reported that this was her responsibility and that, as the County Council was the Data Controller for the Fund and has ultimate accountability for data, she would be working closely with the Council to ensure compliance.*
- Queried the impact on Human Resources. – *Vickie Hampshire said that Human Resources would have their own controller looking at this and their own criteria for why data was held.*

50. The Board queried if the request made at the previous meeting for May KPIs for administration had been sent to the Board. – *Adam Chisnall resolved to look into this.*

51. The Chairman gave an update on the Board appointment process for Tim Stretton where there had been nine strong applications. One applicant had not been a member of the West Sussex Local Government Pensions Scheme (WSLGPS) and so the Chairman proposed updating the Terms of Reference for the Board to state this as a requirement for Board representatives. Scheme members representatives should be members of the WSLGPS and employer representatives should represent an employer in the WSLGPS.

52. Vickie Hampshire reported that a survey had been received from the Pensions Regulator for the Scheme Manager to complete. The survey would look to see if the Scheme Managers were happy with what was happening in the fund. The Board requested to see the results when complete.

53. Resolved – That the Board notes the report and agrees to write to the Governance Committee to request a change to the Terms of Reference to include membership of the WSLGPS as a requirement for scheme member and employer representatives on the Pension Advisory Board.

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## **Pensions Panel Minutes – Part I**

54. The Board considered the confirmed part I minutes from the June and July Pensions Panel meetings; the minutes from the July Annual Meeting of the Pension Fund; and the Agenda from the November Pensions Panel meeting (copy appended to the signed minutes).

55. The Board queried the comment in minute no. 14 of the Annual Meeting of the Pension Fund on the lack of savings. – *Vickie Hampshire explained that West Sussex was the only fund in ACCESS that used balanced mandates and so there would be no shared costs for pooling. The Board queried if other funds joining the sub fund would reduce costs. Vickie Hampshire explained the sub fund was already at the optimum level of savings and so others joining the sub fund would be unlikely to reduce costs.*

56. The Chairman requested that Board members look at copies of the November Pensions Panel agenda items 'Business Plan and Risk Update' and 'ACCESS Pool Update. Copies had been circulated to the Board members with their Board papers.

57. Vickie Hampshire gave an update on MiFID II and reported that private equity and property managers had now been confirmed and work was continuing on the custodian. Work would be done with treasury management to ensure compliance. When the pooling operator was appointed they would have to justify their professional status.

58. Vickie Hampshire also gave an update on ACCESS to report that operator procurement was proceeding well. The preferred bidder would be considered at the December ACCESS meeting which would mean pooling could begin in April. When the operator was appointed they would look at sub funds to cede into the pool and transition at an appropriate time. The Board requested an update on the transition progress when appropriate. Vickie Hampshire confirmed that the Department for Communities and Local Government were being kept updated, as was the Minister.

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

## **Administration procedures and performance**

60. The Board received a report by the Director of Finance, Performance & Procurement (copy appended to the signed minutes).

61. Tara Atkins introduced the report and tabled a document with up to date figures for caseload performance KPIs (copy appended to the signed minutes).

62. Tara Atkins reported that her team had moved from Human Resources to Finance in order to work closer with the Pensions team.

63. James Scull reported that the Hartlink Exchange (Hex) system would save time for employers by making real time calculations which reduced errors. It would formally go live in April 2018. Five employers had signed up to the Hartlink Online Employer Portal and officers were working to resolve a way to assist small employers using the system who did not have a formal email address.

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

- Queried the caseload performance data and the reduction in KPI achievement. – *James Scull explained that the KPIs did not represent all the work that came into the team. Staffing resources had now been brought in to assist with the administration. The staff were currently being trained and improvements would be seen following this exercise.*
- The Board queried the intelligent client team's opinion of the work of Capita. – *Tara Atkins reported that the volume of work for Capita had changed from the original contract and so conversations were taking place to amend the contract accordingly. It was hoped that the recent recruitment would improve the performance statistics. If the figures remained low the work would be challenged.*
- The Board noted that the KPIs did not cover all of Capita's work and asked if they should be amended. – *James Scull reported that the KPIs covered specific case types and a service review report looked at all other work. The Board felt it would be useful to see all caseload performance. James Scull proposed adding more context to the administration report to cover all the work that was being done. Tara Atkins reported that a case review had considered the KPIs and they were considered realistic. The Board requested quarterly information on caseload performance.*
- Asked when the KPIs could be reviewed and if the Board could provide comment. – *Tara Atkins reported that this would be part of the wider review of the Capita Contract and resolved to investigate this. It was proposed that the number of KPIs may be limited for pensions as the Capita contract with the County Council covered many areas.*
- Queried the customer survey results which suggested silo working in the administration team. – *Tara Atkins responded that the results of the independent report had been considered and that a joined up approach was being looked at. Subsequent customer surveys would be monitored to see if trends improved. James Scull reported that an auto response system had been implemented to give more appropriate information and expectations.*
- The Board wanted reassurance that the cases in the surveys would be resolved. – *Tara Atkins reported that work had revealed that not all of the cases were straight forward. The members should have received a better service and Capita should make improvements to management of expectations. The Board requested to see data relating to complaints and their trends. Tara Atkins resolved to look into this.*
- Sought clarity on workload monitoring and the allocation of staff. – *James Scull informed the Board that a workflow system was used to forecast work levels. Statistics were monitored monthly and staff leave was managed accordingly. Wider Capita resources could be utilised if necessary.*
- Asked if there was an issue with Capita staff retention and commented on employers not having a regular contact to raise issues with. – *James Scull responded that there had been a recent turnover of staff, but general Capita turnover was low. It was reported that Capita utilised a bank of staff which caused issues for employers. James Scull proposed that regular contacts for employers could be something that was installed when the new staff were fully trained.*
- Requested detail on the level of joiners reported in Appendix B. – *Tara Atkins proposed that the spike in numbers could be linked to auto enrolment.*

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- Sought clarity on the process for hard copy statements for members. – *Vickie Hampshire explained that the default process was for members to receive electronic copies. Members could ask for a hard copy if they wished. James Scull proposed including a guide to Hartlink within statements to encourage its use. Consideration would have to be given to changing formats.*
- Requested details on the breaches. – *Tara Atkins explained that the breach related to non-payment of contributions from a pass through employer from a local authority. Under the regulations, the local authority was required to pay the missing contributions to the Fund. Members would not be disadvantaged. Vickie Hampshire reported a second breach that had since been resolved and not reported. Tara Atkins reported that the policy would be updated to utilise a monthly breach report that could be sent to the Pensions Panel and the Pension Advisory Board.*
- The Board welcomed the improvements to newsletters.
- The Board welcomed the scheme return completion within the deadline.

65. Terry Langworthy informed the Board that he would be leaving the County Council in February and this would be his last meeting. The Board wished him well for the future and thanked him for his support to the Board.

66. Resolved – That the Board notes the report and will monitor future caseload performance for the proposed improvements.

## **Feedback**

67. Mr Cohen gave an update on the Annual Meeting of the Pension Fund which he had attended to give an update on the work of the Pension Advisory Board.

68. Mr Scanes gave feedback from the November Pensions Panel which he had attended. The attendance had been useful to assist in the understanding of the role of the Pensions Panel. The role of Caroline Burton on the Panel was discussed and how she provided an independent challenge of the fund managers to the Panel.

## **Training**

69. The Board received a document outlining the training that been recorded for Board members (copy appended to the signed minutes).

70. Adam Chisnall introduced the report and highlighted the progress of module completion for the pension regulator toolkit.

71. Mr Scales gave feedback from the Pension and Lifetime Savings Conference that Mr Cohen and he had attended. The conference had been basic, but would be useful to a new member of the Board. The conference had highlighted a legal requirement for funds to check the accuracy of contributions. Vickie Hampshire resolved to investigate this.

72. The Chairman proposed induction training for the newest members of the Board and recommended that Board members completed the scheme of needs document in order to help shape future training.

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73. Resolved – that Board members will continue to report progress on training and that risk management training be scheduled for the next meeting.

### **Date of Next Meeting**

74. The Board noted that its next scheduled meeting would take place on Thursday 1 March 2018 at 9.30 a.m. at County hall, Chichester.

### **Exclusion of Press and Public**

75. 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 on 29 November 2017**

### **Part II Minutes of the previous meeting**

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

The Board agreed the part II minutes of the 5 July 2017 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 June and July Pensions Panel meetings.