

PENSION COMMITTEE

MINUTES of a meeting of the Pension Committee held at County Hall, Lewes on 17 July 2017.

PRESENT Councillors Richard Stogdon (Chair) Stuart Earl, Simon Elford,
Gerard Fox and David Tutt

ALSO PRESENT

Councillor David Elkin, Lead Member for Resources
Ian Gutsell, Chief Finance Officer
Phil Hall, Strategic Financial Advisor
Brian Smith, Regional Operations Manager
Ola Owolabi, Head of Pensions
Wendy Neller, Pensions Strategy and Governance Manager
John Shepherd, Finance Manager (Pension Fund)
Russell Wood, Principal Pensions Officer
William Marshall, Hymans Robertson
Paul Potter, Hymans Robertson
William Bourne, Independent Adviser
Harvey Winder, Democratic Services Officer

1 MINUTES

1.1 The Committee RESOLVED to agree the minutes as a correct record of the meeting held on 27 February 2017.

2 APOLOGIES FOR ABSENCE

2.1 There were no apologies for absence.

3 DISCLOSURE OF INTERESTS

3.1 Cllr Richard Stogdon declared a personal interest as the trustee of a private pension fund managed by Ruffer.

4 URGENT ITEMS

4.1 There were no urgent items.

5 PENSION BOARD MINUTES

5.1 The Committee considered the draft minutes of the Pension Board meeting held on 26 June 2017.

5.2 The Committee RESOLVED to note the draft minutes.

6 INDEPENDENT AUDITOR'S (KPMG) REPORT TO THOSE CHARGED WITH
GOVERNANCE AND ANNUAL REPORT 2016/17

6.1 The Committee considered a report on the Independent Auditor's (KPMG) report to those charged with governance and Annual Report 2016/17.

6.2 The Committee RESOLVED to:

- 1) note the report; and
- 2) approve the Pension Fund Annual Report for publication.

7 PENSION ADMINISTRATION STRATEGY STATEMENT

7.1 The Committee considered a report seeking approval of the Pensions Administration Strategy Statement.

7.2 The Committee RESOLVED to approve the Pensions Administration Strategy Statement.

8 GUARANTEED MINIMUM PENSIONS (GMPS) RECONCILIATION - UPDATE

8.1 The Committee considered a report on the progress of the reconciliation of Guaranteed Minimum Pensions (GMPs) records held by East Sussex Pension Fund (ESPF) and HM Revenue & Customs (HMRC), and noted the recommendation of the Pension Board to the Committee that, in the interests of moving the GMP reconciliation project forward, it endorses the officer action taken to have ITM conduct a 2 month project to reconcile and submit queries to HMRC.

8.2 The Chair noted the Committee's major concern that the report differed from the Committee's resolution at its February 2017 meeting – where the Committee had resolved to follow officers' recommendation for a tendering process for stage 2 of the GMP reconciliation to be undertaken. The report before the Committee indicated a contrary decision taken by officers without reference to the Committee.

8.3 Committee Members agreed that they are ultimately accountable, not only for the performance of the East Sussex Pension Fund (ESPF), but for all decisions affecting the Fund's Administration. The Chair of the Pension Board also expressed concern regarding any decision made by officers without reference to the Committee and the absence of clear information provided to the Pension Board. The Committee concurred and agreed that it is vital that the Committee and Board are kept properly informed of any significant proposals relating to pension fund administration. Both in this case and in relation to an earlier case referred to later on the Committee's Agenda, it is clear that proper processes have not been followed. Furthermore, if a decision is time sensitive, it may be necessary for additional committee meetings to be held to enable due process to be followed.

8.4 Officers acknowledged the need for Committee to be fully aware of progress with GMP and other key administration and governance issues. Specifically officers apologised for not bringing back to Committee a tender decision as envisaged by the minute of the previous meeting. It was explained that this had not been done consciously and indeed the decision to appoint ITM had been made with regard to the need for progress to be made on this issue in the five months since the Committee had last met and the failure of the preferred procurement framework to provide a robust tender process. The Committee was assured that, in future, officers will provide information in a timely manner and engage proactively with the Chair and the Committee about any proposals in relation to the ESPF and its administration.

8.5 The Committee RESOLVED:

- 1) to note the progress on the reconciliation of GMPs between HMRC records and the ESPF; and
- 2) to be provided with regular updates on the progress of GMP reconciliation.

9 OFFICERS' REPORT - BUSINESS OPERATIONS

9.1 The Committee considered a report providing an update on the pension administration services provided by Orbis Business Operations.

9.2 The Committee RESOLVED to note the report.

10 ORBIS PENSIONS ADMINISTRATION SYSTEMS ASSURANCE REVIEW

10.1 The Committee considered a report on the assurance review of Orbis Pensions Administration Systems.

10.2 The Committee RESOLVED to note the report.

11 EXCLUSION OF THE PUBLIC AND PRESS

11.1 The Committee RESOLVED to exclude the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

12 UPDATE REPORT ON ADMINISTRATION SYSTEM

12.1 The Committee considered an update on the contract position of the current pension administration system and market intelligence on alternative potential systems.

12.2 The Committee RESOLVED to:

- 1) note the report; and
- 2) support the proposed plans for a market review.

13 GUARANTEED MINIMUM PENSIONS (GMPS) RECONCILIATION - UPDATE

13.1 The Committee considered a report on the cost of the agreement with ITM to provide a 'fast tracked' modular approach for the next stage of the Guaranteed Minimum Pensions (GMPS) Reconciliation process.

13.2 The Committee RESOLVED to note the report.

The meeting ended at 10.35 am.

Councillor Richard Stogdon (Chair)