

# Summary of Pension Board members' discussion

Wednesday 8 February 2023, 10.00am, County Hall, Lewes

## Present:

Ray Martin, Chair of the Pension Board  
Neil Simpson, Member of the Pension Board  
Lynda Walker, Member of the Pension Board  
Sian Kunert, Head of Pensions  
Michael Burton, Pensions Manager: Governance and Compliance  
Russell Wood, Pensions Manager: Investment and Accounting  
Ian Gutsell, Chief Finance Officer  
Danny Simpson, Principal Auditor  
Tim Hillman, Pensions Manager: Employer Engagement  
Paul Linfield, Pensions Communications Manager  
Jennie Shuttleworth, Pensions Service Delivery Manager  
Georgina Seligmann, Governance and Democracy Manager  
Cllr Paul Redstone  
Cllr Gerard Fox  
Barry McKay, Partner and Actuary – Barnett Waddingham

1.1 The Chair of the Pension Board noted that, due to the fact that two members of the Board had given their apologies (Cllr Tom Druitt and Niki Palermo) and that Cllr Toby Illingsworth was not in attendance, the meeting of the Pension Board scheduled for 10am on 8 February was inquorate and could not go ahead.

1.2 The Chair agreed to consider the reports of the Board meeting informally with officers and those members of the Pension Board present.

1.3 A summary of the discussion between members of the Pension Board and officers is set out below.

## PENSION COMMITTEE AGENDA

1.4 Sian Kunert (SK) advised the Committee pack would be the same as the Board pack other than investment papers and two additional polices under the valuation item.

## VALUATION REPORT AND RESULTS AND FUNDING STRATEGY

1.5 Barry McKay (BM) gave an overview of the valuation position

1.6 Lynda Walker (LW) asked about the mechanism and impact if inflation rates do not fall as expected. BM confirmed that the key objective is to keep contribution rates stable and that there are funds set aside to keep contribution rates stable if inflation stays higher for longer than expected.

1.7 Attendees agreed that the accepted view is that inflation rates are a short-term issue and that that reducing it is a key objective of the Bank of England and other central banks.

1.8 BM confirmed that it remains under review and next valuation is only two years away. The actuary produce a quarterly update on the funding level outside of the valuation years which is an appropriate mechanism by which to keep track of the funding level.

1.9 There was a discussion on the Fund where employers cease while the services and employees continuing uninterrupted and NS asked if it is an issue for cessation values. SK advised that in the case of outsourced contracts where this situation would be the case, the

default approach is for no cessation value to take place as they are on passthrough agreements instead and confirmed that the policies which will be available at the next meeting allow for employers to manage cessations to be there as deferred or for employers to pay debt off slowly which will be more manageable.

1.10 There was a discussion on the need to raise awareness with employers, particularly Town and Parish Councils, about the costs associated with cessation and acknowledged the work undertaken by officers on this to highlight the risk and that other funds suffer from this issue.

1.11 RM suggested that the valuation results and covenant review are brought together to consider risk to the fund. SK confirmed that only two employers are below the 100% funding position (excluding pooled employers) and this would be highlighted to the Committee.

## GOVERNANCE REPORT

### **McCloud**

1.12 MB confirmed that a replacement employer representative is required for the McCloud working group following Stephen Osbourne's tenure ending. MB will raise this when employers are present at next quorate meeting.

### **Membership**

1.13 There was discussion around future meeting attendance with the changes to membership during 2023. Officers are in the process of appointing a staff representative to the existing Board vacancy.

1.14 The Chair role is due for renewal and officers are accepting applications for this.

1.15 There was discussion on approaching employers for replacement Board members to consider nominating an officer to attend to reduce the impact of elections on Board membership which can affect quoracy.

### **Updated Pension Administration Strategy**

1.16 NS asked whether costs are recharged or if charging is a last resort. MB confirmed that charging is dependent on the issue to determine which process is followed. SK confirmed that this arrangement existed in the previous strategy and that engagement is always preferred so that charging acts as a last resort.

1.17 NS requested that the wording is reconsidered to strengthen the position of the Fund and its intention to charge employers if necessary. SK confirmed that the fund is now in a position to do this.

1.18 RM acknowledged the engagement work undertaken by officers.

### **KPIs**

1.19 RM thanked the team for collating the targets of other funds and would welcome any further data

## EMPLOYER ENGAGEMENT AND CONTRIBUTIONS REPORT

1.20 LW highlighted how much progress had been made by the Fund and the number of positives and endorsed the view that the data is much improved. RM endorsed this view.

## COMMUNICATIONS REPORT

1.21 LW highlighted that Communications to member's are much improved and this has been highlighted through the reports to her board. Members have welcomed all the revised information and attention given to accessibility. RM endorsed this view.

## PENSIONS ADMINISTRATION REPORT

1.22 SK provided a brief overview of the report: the majority of the team vacancies have now been recruited with just two outstanding roles to recruit for. A new Project Manager will be onboarded soon which will add significant resource. SK highlighted that the KPI results may drop as the team work address the backlog of issues relating to transitioning BHCC members onto i-Connect and that this matter would be considered further at the Pension Committee meeting of 22 February.

#### INTERNAL AUDIT

1.23 NS noted the positive progress made on employers transitioning onto i-Connect but that it was not included in the business continuity plan and therefore asked about the potential impact if there were an issue.

1.24 Danny Simpson (DS) and Tim Hillman (TS) confirmed that i-Connect is included within the overall continuity plan and that as it is a data portal officers would have the ability to catch up if there is an interruption or have the option of a manual return as the data could be provided in a different way.

1.25 NS asked what assurance the Board can have on contributions received from employers. DS confirmed that officers do have access to payroll systems (other than BHCC) so the Fund is dependent on accurate signoff from employers – officers do stress this to Employers.

#### QUARTERLY BUDGET REPORT

1.26 Russell Wood (RW) highlighted the decrease in the last reported outturn is due to investment manager fees being less than forecast though these will be removed in future budgets. Further, there is reduced staff spend due to the current vacancies.

1.27 RW confirmed that there are some one-off IT projects planned for next year to improve systems and that there are some increased contract costs as these are linked to inflation and Actuary fees are lower as it is not a valuation year.

#### PENSION FUND RISK REGISTER

1.28 SK highlighted that risks G4 and I4 had increased; further information will be coming to the Pension Committee as part of exempt investment paper.

#### WORK PROGRAMME

1.29 The Board noted the lack of training being reported; officers will give a renewed focus on training when onboarding new members of the Board.