PENSION BOARD

MINUTES of a meeting of the Pension Board held at County Hall, Lewes on 6 September 2023.

PRESENT	Ray Martin (Chair), Tim Oliver, Zoe O'Sullivan, Neil Simpson, Councillor Andrew Wilson and Councillor Bharti Gajjar (virtually via MS Teams)
ALSO PRESENT	Ian Gutsell, Chief Finance Officer Sian Kunert, Head of Pensions Michael Burton, Pensions Manager: Governance and Compliance Russell Wood, Pensions Manager: Investment and Accounting Paul Punter, Head of Pensions Administration Dave Kellond, Compliance and Local Improvement Partner Tim Hillman, Pensions Manager: Employer Engagement Jennie Shuttleworth, Pensions Service Delivery Manager Georgina Seligmann, Governance and Democracy Manager Cllr Paul Redstone Cllr Gerard Fox

59.   MINUTES

59.1   The Board agreed the notes of the previous meeting held on 30 May 2023 as a correct record.

60.   APOLOGIES FOR ABSENCE

60.1   No apologies were received.

60.2   RM welcomed the new members to the meeting; Cllr Andrew Wilson, Cllr Bharti Gajjar and Zoe' Sullivan.

61.   DISCLOSURE OF INTERESTS

61.1   There were no disclosures of interests.

62. URGENT ITEMS

62.1   There were no urgent items.

63. PENSION COMMITTEE AGENDA

63.1   The Board considered a report containing the draft agenda for the Pension Committee meeting due to be held on 19 September 2023 and noted that:

- The Pension Committee will receive an investment report which will consider the efficacy of divestment over engagement for information
- The Pension Committee will be approving an investment strategy statement and a draft will be circulated after the meeting
- The Pensions Committee will receive a copy of the draft consultation response relating to LGPS investment pooling

63.2   SK invited the Board to attend the Pension Committee meeting to hear the discussion and offered to meet with Board members to discuss the revisions to the Investment Strategy and consultation response if required by Board members.

63.3   The Board RESOLVED to:

1) Note the agenda.

2) Request that a summary of the next Pension Committee meeting be prepared for the Board for its next meeting.

3) Request that for all future Board meetings a summary of the previous Pension Committee meting form part of its agenda.

64. GOVERNANCE REPORT

64.1   The Board considered a report providing an update on various governance workstreams completed and changes affecting LGPS and the ESPF.

Membership of the Pension Board

64.2   Michael Burton (MB) set out the Board membership changes and welcomed the new members.

64.3   MB set out the requirement to take a report to the Governance Committee to recommend a Vice Chair. Cllr Wilson (AW) confirmed his nomination as an Employer

Representative and Neil Simpson (NS) confirmed his nomination at the Employee Representative.

Working groups

64.4   The Board considered whether the McCloud Working Group should remain as a separate group and were advised by officers that its work could now be absorbed into the Administration Working Group. Board agreed this approach would be desirable.

64.5   Tim Oliver (TO) and Zoe O'Sullivan (ZO) confirmed they would join the Administration Working Group

64.6   Ray Martin (RM) outlined the context of the recommendation to dissolve the Communications Group, this was agreed by the Board.

ACCESS

64.7   NS and RM provided an update on the most recent ACCESS meeting, they agreed that it demonstrated that the ACCESS Joint Committee is well governed and that the current focus is the Government's review of the pooling arrangements.

64.8   NS referenced the governance discussion about ACCESS at the Board meeting of 30 May and asked whether it was possible for the ESCC Monitoring Officer to express a view on the ACCESS arrangements.

64.9   SK confirmed that an independent review has been undertaken to look at the governance arrangements and there are recommendations from that which would be shared with the Board.

64.10   RM, NS and Cllr Fox (GF) agreed to meet with SK to give input into the Governance review and the recommendations.

64.11   AW asked about mechanisms to raise concerns about ACCESS governance arrangements.

64.12 SK confirmed that the Board can feed back to ACCESS and officers can report issues however SK reminded Board Members that there are 11 Local Authorities involved in ACCESS and ESPF concerns may not always be shared by other members and therefore it can be challenging to reach consensus on issues.

64.13   SK confirmed that ACCESS has a quarterly agenda pack and the intention is to discuss this when required within the exempt part of the Board meeting, due to the potential nature of the discussions.

64.14   NS requested that observers be able to see full agenda and exempt papers for the meeting during the year, including the ones where they are not in attendance to give them an idea of what has been discussed at previous meetings. He noted that the majority of the items were exempt and therefore it was difficult to follow some of the matters discussed when the previous exempt reports were not available ahead of the meeting, RM endorsed this view.

64.15   SK confirmed that RM an GF have written to ACCESS to highlight concerns that observation arrangements are not consistent.

Consultations

64.16   NS asked if it had been considered to challenge the legitimacy for the Fund to bear the cost of corrections to the LGPS as a result of the decisions made by central government, which had now been determined by the McCloud judgement to be unlawful.

64.17   SK understands that this has been raised by other bodies. The consultation gives opportunities to comment on the arrangements. Officers will not miss the opportunity to seek funding if it becomes available.

64.18 Discussions took place on the LGPS pooling consultation. Officers confirmed ACCESS will provide a formal response along with ESPF and officers will keep the Board updated accordingly.

64.19   The Board RESOLVED to:

    1) note the report;

    2) nominate Neil Simpson as member representative vice chair and Cllr Andrew Wilson as employer representative vice chair;

    3) dissolve the Communications working group;

    4) absorb the McCloud working group into the Administration working group; and

    5) request that RM and NS are given copies of all meeting papers during the year for the ACCESS Joint Committee, including exempt papers.

65.   EMPLOYER ENGAGEMENT AND CONTRIBUTIONS REPORT

65.1   The Board considered an update on employer engagement tasks that directly affect the East Sussex Pension Fund (ESPF or the Fund).

iConnect

65.2   Tim Hillman (TH) gave the Board some background information about iConnect and informed them that the East Sussex College Group has been re-onboarded to iConnect, there were some challenges with the employer following a payroll change which required re-onboarding.

65.3   The University of Brighton had a manual system this year to produce annual benefit statements as they are not yet onboarded to iConnect. The onboarding process has started and it is hoped the employer will be on i-Connect before the end of the year.

65.4   The Board noted that the project has slowed due to the issues with the data received from Brighton and Hove and the remaining queriers which require resolution.

65.5   Officers notified the Board that ESCC will be changing payroll provider and cannot yet give confidence that this will not impact the use of iConnect. Officers are mitigating this through early engagement to facilitate a smooth transition.

65.6   TO asked whether the manual forms would be eliminated with the use of iConnect.

65.7   TH confirmed that iConnect removes the need for joiner and leaver forms however forms are still required in the case of death in service or retirement as these are special cases that the PAT gives urgent focus to. Some employers need to be treated differently but from April no leaver or joiner forms will be required and officers will be able to start to reconcile contributions through iConnect. The forms cannot be removed entirely as they facilitate a more agile response e.g. death in service can be addressed urgently rather than waiting for a monthly return of all forms.

Engagement

65.8   TH informed the Board that training and learning for employers has been a significant focus with Pensions Awareness Week for ESCC commencing next week. The intention is to then roll out a similar programme more widely once piloted.

65.9   The Board noted there is an Employer Forum in November and board members will receive an invitation to attend.

65.10   The Board noted that the late payment of Employer contributions has reduced significantly during the last year and he confirmed that the Board were pleased with the efforts made by the Employer engagement team.

65.11   RM asked if there were any employers who were consistently late or whether they all were different employers.

65.12   TH confirmed that issues tend to be one-off a result of change of staff or payroll providers, and officers are implementing more control checks to ensure correct submissions to reduce issues.

65.13   The Board RESOLVED to note the report.

66.   COMMUNICATIONS REPORT

66.1   The Board considered an update on communication tasks that directly affect the East Sussex Pension Fund; activities have included newsletters and annual updates, website improvements and revisions to written communications to members; this information has also been fed through the Communications Working Group

66.2   TH informed the Board of the improved Communication strategy and volume of activity, the recent communications have been well received by fund members particularly the hard copy annual update.

66.3   There has been increased traffic to the website and the helpdesk which are an encouraging indication of improved communications.

66.4   AW asked about where technology will be used for Fund members to access information and wanted assurance on accessibility for all members.

66.5   TH confirmed that hard copies are available for members and where preferred this is noted against their record. There is significant appetite for more electronic communications from users, particularly post pandemic, but the option for physical copies will remain. There has been lots of communication to drive people to use the portal to log in to check benefits and members are surveyed to find out how they want to receive communications.

66.6   GF asked about contact data and the progress in ensuring it is updated.

66.7   Paul Punter (PP) confirmed that this remains challenging as people move house and jobs more frequently than in the past and can overlook previous fund membership but there are good mechanisms which are used to ensure data is kept up to date. The introduction of the helpdesk has supported the retention of more accurate information and ensures quicker responses. The planned Pension Dashboard will also improve the accuracy of the data held along with the use of iConnect.

66.8   PP confirmed that an address tracing exercise is undertaken every few years for inactive members, the last exercise was conducted last year and a third party is now looking at the data. Pensioners are issued information regularly so if a payment bounces back officers can get in touch, monthly mortality checks on pensions also provides additional access to information. Errors in email addresses are captured and resolved wherever possible after each newsletter but officers are reliant on individuals providing up to date email information.

66.9   The Board RESOLVED to note the report.

67.   PENSIONS ADMINISTRATION REPORT

67.1   The Board considered a report providing an update on matters relating to Pensions Administration activities for the period June 2022 to June 2023.

67.2   Paul Punter (PP) drew the Board's attention to the following points:

- New board members were provided with an explanation of how the administration team works and recent changes.
- PAT performance numbers are on target at 95%, the helpdesk has seen increased volume in traffic with lots of data now received monthly rather than annually.
- Appendix 1 gives annual breakdown of the KPI targets and achievement. PAT recently started reporting a KPI for aggregation where the KPIs are below target levels due to the volume of aggregations in this period. Projects have resulted in significant resource deployment and therefore performance numbers are expected to be lower for next few months as staff are stretched to deal with the multiple requests. The work to resolve the data issues with the B&H member details continues to present significant resource issues. Further, Actuarial factors have been delayed by central government and this has impacted the ability to meet the JPI target dates.
- Appendix 2 data highlights how things have improved with regards to the Helpdesk since the administration has been brought in house. The helpdesk is currently provided by Surrey County Council, however will be transferred to ESCC from April.

- Staffing levels are in an improved position with some key appointments made and advertising undertaken for apprenticeship roles.
- With regard to annual benefit statements to be issued by 31 August 2023, PP provided a verbal update on the issuance which were not available in time for the publication of the written report to the Board. 99.76% of Annual benefit statements were produced for deferred members. 95.9% of Annual Benefit Statements were produced for active Fund members which is considered a real achievement in the context of the volume of B&H data issues and the transition to iConnect. 125 of the 141 employers' data was collected through iConnect. RM noted that the Board will need to consider at the November meeting if the failure to provide 100% of the Annual Benefits Statement is a material breach of legislation that would require a report to the Pensions Regulator to be made.
- Process reviews have been delivered over the past year with some work still outstanding.
- The Pension Dashboard implementation date has been pushed back by Government.
- The reconciliation and rectification of Guaranteed Minimum Pensions was back on track and the Board were advised the contractor carrying out this work was going through a management buyout.

67.3   RM highlighted the slippage on notification of death benefits to members' dependents.

67.4   PP confirmed that the number of cases is low so any missed notifications will impact the percentage figure significantly and that the reason for delays this quarter had been down to holiday of the senior officers who approve payments. These cases are prioritised and cases can be complex.

67.5   RM requested that in future the Helpdesk KPI figures should be presented as a one page document for the Board.

67.6   TO raised a query about some of the University of Brighton data not being picked up which had led to a number of unnecessary queries.
67.7   PP confirmed that next year's return would be completed through iConnect which will resolve this issue.

67.8   The Board RESOLVED to note the report and requested that Paul Punter circulate the headline numbers for the Annual Benefit Statements by email after the meeting.

68.   PENSION FUND RISK REGISTER

68.1   The Board considered the updated risk register presented by SK.

68.2   The Board considered the following risks:

1) Risk E2 – Employer Data – this has had its post mitigation likelihood reduced, changing the overall risk scoring down to an amber risk.

2) Risk A3 – Production of Statutory Returns – this has had its post mitigation likelihood reduced to an amber risk.

3) Risk 12: Officers recommend risk I2 – Changes to International Trade - be removed from the register and will be monitored through market risk

4) Risk 19: Officers recommend a new risk be added to the risk register. Money purchase AVC – which relates to the Additional Voluntary Contributions (AVC) options available to members and reflects the requirement of the Fund to provide a suitable AVC offering to scheme members. SK confirmed that the administering authority is responsible for ensuring there is a service in place. Currently Prudential are the service providers, the Fund must ensure something suitable is being offered to the members.

68.3   RM stated that it would be helpful to know how much AVCs are being used by members alongside the other options they have, e.g. Added Years.

68.4   PP confirmed that the report from last year will be refreshed as it did not cover how well the funds were performing so the Board can make a better judgement on suitability and will give a breakdown on how they are being used. It is intended that this report will be taken to the Board at its next meeting.

68.5   The Board RESOLVED to note the report.

69.   WORK PROGRAMME

69.1   The Board considered the report on the work programme and advised of any training completed.

69.2   The Board noted that it would receive the annual report and accounts report at the November meeting.

69.3   NS requested that the Ill Health insurance review be added and RM reminded SK to provide further detail on the Prudence Level for the Cessations Policy at the November meeting.

69.4   TO asked for further information about induction and expectations for training for new members

69.5   MB confirmed that new Board members should undertake self-learning which will be directed to them by Officers which includes videos of previous sessions with providers.

69.6   MB reminded members that the self-assessments are key to producing a training plan each year to address high priority areas.

69.7   NS requested an updated on the Pension Regulator single code of practice.

69.8   MB confirmed that officers had not received any updated information about when to expect it but they will inform the Board once anything is known.

69.9   The Board RESOLVED to note the work programme.

70.   ANY OTHER NON-EXEMPT ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

70.1   There were no items.

71.   EXCLUSION OF THE PUBLIC AND PRESS

71.1   The Board 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).

72.   PENSION FUND RISK REGISTER - EXEMPT

72.1   The Board considered the exempt risk register.

72.2   A summary of the discussion is set out in an exempt minute.

72.3   The Board RESOLVED to note the report.

73.   PENSION FUND BREACHES LOG

73.1   The Board considered a report providing an update on the Breaches Log and outstanding or new Internal Dispute Resolution Procedure (IDRP) cases.

73.2   A summary of the discussion is set out in an exempt minute.

73.3   The Board RESOLVED to note the report.

74.   EMPLOYER ADMISSIONS AND CESSATIONS REPORT

74.1   The Board considered a report on the latest admissions and cessations of employers within the Fund.

74.2   A summary of the discussion is set out in an exempt minute.

74.3   The Board RESOLVED to agree the actions set out in the exempt minute.

75.   SUPPLIER UPDATE REPORT

75.1   The Board considered a Supplier update report.

75.2   A summary of the discussion is set out in an exempt minute.

75.3   The Board RESOLVED to note the report.