

Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Thursday, 15 July 2021

**Committee:
Pensions Board**

Date: Friday, 23 July 2021

Time: 9.30 am

Venue: THIS IS A VIRTUAL MEETING

PLEASE USE THE LINK ON THE AGENDA TO LISTEN TO THE MEETING

Members of the public will be able to listen to this meeting by clicking on this link:

<http://shropshire.gov.uk/PensionsBoardMeeting23July2021>

Please note that this meeting will be made available through Microsoft Teams Live Events - your device will need to meet the minimum specification as detailed on the Microsoft website at this link: [Device Specification](#)

- You will need to download MS Teams (free) and click on the link to listen to the meeting if you are using a PC
- If using a mobile device, you will need to download the MS Teams app (free) before clicking the link
- Use the link at 9.30 am on the day of the meeting and click on 'Join as Guest'
- You may receive an error message or a request for login details if you try to gain access before 9.30 am

You are requested to attend the above meeting.
The Agenda is attached

Tim Collard
Interim Assistant Director – Legal and Democratic Services

Members of Pensions Board

John Hall (Chairman)

Mike Morris

Dave Wright

Employer Representatives

Liz Furey

Clare Charlesworth-Jones

Vacancy

Your Committee Officer is: **Michelle Dulson**

Tel: 01743 257719 Email: michelle.dulson@shropshire.gov.uk

AGENDA

1 Apologies

To receive apologies for absence.

2 Declarations of Conflicts of Interest

Members are reminded that they should declare any interests which may lead to conflicts of interest in the subject area or any specific agenda item of this meeting. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

3 Minutes of the previous meeting (Pages 1 - 4)

The Minutes of the meeting held on 19 March 2021 are attached for confirmation.

Contact: Michelle Dulson (01743) 257719

4 Public Question Time

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 9.30am on Wednesday 21 July 2021.

5 Administration and Regulatory Updates (Pages 5 - 10)

Report attached.

Contact: Debbie Sharp (01743) 252192

6 Update from Chair following attendance at Cheshire Pensions Board

7 Pensions Board Peer Review

8 Date of Next Meeting

The next meeting of the Pensions Board will be held at 9.30am on the 15 October 2021.

9 Exclusion of Press and Public

To RESOLVE that in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations and Paragraphs 3 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

10 Exempt Minutes (Exempted by Category 3) (Pages 11 - 14)

The Exempt Minutes of the meeting held on the 19 March 2021 are attached for confirmation.

Contact Michelle Dulson (01743) 257719

11 Pensions Committee Reports and Feedback (Exempted by Category 3)

For Board Members to raise any questions following the recent Pensions Committee meeting.

Please click on the link below to access the reports considered by the Pensions Committee at its last meeting on 25 June 2021.

<http://shropshire.gov.uk/committee-services/ieListDocuments.aspx?CId=260&MId=4321&Ver=4>

12 Governance Update including overview of recorded breaches and cyber security (Exempted by Category 3) (Pages 15 - 64)

Report attached.

Contact: Rebecca Clough (01743) 254457

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Committee and Date

Pensions Board

23 July 2021

PENSIONS BOARD

Minutes of the meeting held on 19 March 2021

9.30 - 11.10 am

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Member Representatives

John Hall (Chairman)

Mike Morris

Dave Wright

Employer Representatives

Liz Furey

Philip Ingle

Clare Charlesworth-Jones

89 Introduction of two new Pensions Board Members

The Chairman welcomed the two new Pensions Board Members who briefly introduced themselves.

90 Apologies

No apologies were received.

91 Declarations of Conflicts of Interest

No conflicts of interest were declared.

92 Minutes of the previous meeting

RESOLVED:

That the Minutes of the meeting held on 30 November 2020 be approved and signed by the Chairman as a correct record.

93 Public Question Time

A question had been submitted by Mr Mike Cripps, in relation to fossil fuel investments. The Head of Treasury and Pensions read out the question and the response.

A copy of the question and response provided are attached to the signed Minutes and available on this Committee's pages on the Council's web site.

94 **Administration and Regulatory Updates (including Cyber Security update)**

The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes – which provided Members with the latest administration and regulatory updates affecting the Local Government Pensions Scheme.

The Pension Administration Manager drew attention to the revocation of the Public Sector Exit Payments Regulations 2020 as detailed in paragraph 6 of the report. She explained that the intention was still to limit exit payments but exactly how this would be taken forward was unknown.

The Pension Administration Manager informed the Board that the McCloud judgement on age discrimination was the next big thing on their agenda and although the legislation was still awaited, work on the proposals in the consultation were going ahead. She reported that this was going to be a big collaborative exercise with the employers who were having to check that all data had been provided to ensure that the remedy could be applied to all the members that were affected. It was expected to take a couple of years to collect the data, correct any data that had been missed and then actually go through any rectification of cases that needed to be recalculated when the remedy was in legislation.

The Pension Administration Manager then drew attention to the following areas, set out in the report:

- Cyber Security;
- Guaranteed Minimum Pension rectification;
- Single Modular Code;
- Scam smart pledge;
- UK Pension Schemes Act;
- Draft Guide to employer flexibilities; and
- Announcements in the March 2021 Budget affecting pension schemes.

In response to a query about what the fund could do to simplify what the Lifetime Allowance meant for its members, the Pension Administration Manager explained that there was a lot of information on the website including videos that explain in simple terms what was meant by 'Lifetime Allowance'. This information was also communicated to members in their annual benefit statements a lot of communication was undertaken with active employees plus an annual training session introduced last year for targeted middle and higher earners to educate them on what they are looking out for. Concern was raised about whether retired members were aware that it applied to their entire pension pot, not just their local authority pension. The Pension Administration Manager agreed to ensure that a reminder was included in the retirement booklet.

In response to a query, the Pension Administration Manager explained the acronym CLASS (Computerised Local Authority Superannuation Systems) set out in paragraph 6.3 of the report and she explained why the group had been set up.

Finally, in response to a query around additional resources, the Pension Administration Manager reported that a Business Case had been sent to the Scheme Administrator and it was hoped to receive a response shortly.

RESOLVED:

1. to note the contents of the report, and
2. that all Board Members complete the new Pension Scams module on The Pensions Regulators Toolkit and that the two new Pension Board members complete all the modules in the Toolkit.

95 Date of Next Meeting

The next meeting of the Pensions Board would be held on the 23 July 2021 at 9.30am.

96 Exclusion of Press and Public

RESOLVED:

That in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and paragraph 10.2 of the Council's Access to Information Procedure Rules, the public and press be excluded during consideration of the following items as defined by the categories specified against them.

97 Exempt Minutes (Exempted by Category 3)

RESOLVED:

That the Exempt Minutes of the meeting held on 30 November 2020 be approved and signed by the Chairman as a correct record.

98 Pensions Committee Reports and Feedback (Exempted by Category 3)

The reports considered by the Pensions Committee at its meeting on 5 March 2021 had been received by the Board.

99 Update on Equity Protection (Exempted by Category 3)

The Board received an update from the Head of Treasury and Pensions on the Equity Protection that the Fund currently had in place.

RESOLVED:

That the contents of the verbal update be noted.

100 Overview of recorded breaches and governance update (Exempted by Category 3)

The Board received the report of the Communications and Governance Team Leader – copy attached to the signed Exempt Minutes – which provided an update on the Breaches of LGPS regulations recorded for the quarter 1 October 2020 to 31 December 2020 affecting the Shropshire County Pension Fund. Updates on all other governance issues were also included within the report.

RESOLVED:

That the contents of the report be noted.

Signed (Chairman)

Date:



<u>Committee and date</u> Pensions Board 23 July 2021 10.00am	<u>Item</u> <u>Public</u>
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Administration and regulatory updates

Responsible Officer: Debbie Sharp
Email: Debbie.sharp@shropshire.gov.uk
Tel: (01743) 252192

1. Summary

- 1.1. The report provides Pension Board members with the latest administration and regulatory updates affecting the Local Government Pension Scheme (LGPS).

2. Recommendations

- 2.1. Pension Board members are asked to note the contents of this report with or without comment.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1. Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to, risks to the fund are minimised. A risk register is kept and updated in line with council corporate policy.

3.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

3.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

3.4. Financial Implications

Currently there are no direct financial implications arising from this report.

3.5. Climate change appraisal

Energy and fuel consumption: No effect

Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

4. Administration and regulatory update

- 4.1. Members are asked to note the contents of the administration reports provided to the Pensions Committee meeting on 25 June 2021. Any further updates to issues raised in that report have been provided in this administration report.

5. Response to consultation on new code of practice by The Pensions Regulator (TPR)

- 5.1. On 4 June 2021, the Scheme Advisory Board's (SAB) Secretariat, in consultation with the Investment, Governance and Engagement Committee, responded to TPR's consultation on a new code of practice on behalf of the SAB. You can access the response on the SAB's website using this link:
<https://www.lgpsboard.org/images/Responses/TPRCCJune2021.pdf>

6. Finance Act 2021 receives Royal Assent on 10 June 2021

- 6.1. The Finance Act gives legal effect to the Government's decision to freeze the lifetime allowance at £1,073,100 for tax years 2021/2022 to 2025/2026, as announced at the last budget. This information will be communicated to scheme members via the fund's website.

7. Treasury launches consultation on cost control mechanism

- 7.1. On 24 June 2021, HM Treasury launched a consultation on proposed changes to the cost control mechanism, alongside a written ministerial statement. The consultation follows a review of the mechanism by GAD, which was published on 15 June 2021.
- 7.2. HM Treasury requested the review amidst concern that the mechanism was not operating in line with its original objectives, in particular that it would only be triggered by extraordinary, unpredictable events. The consultation sets out Treasury's response to GAD's findings and proposes making the following three changes, all of which were recommended in the GAD review.
- Only considering past and future service in the reformed CARE scheme in the mechanism (so, removing any allowance for final salary schemes);
 - Widening the two percent corridor to three percent; and

- Introducing an economic check so that a breach of the mechanism would only be implemented if it would still have occurred had long-term economic assumptions been considered.

7.3. The outcome of the consultation will not impact on the 2016 cost control valuations. The consultation recognises that there are differences between the LGPS and other public service schemes, especially in the way in which employer contributions are set. The Government welcomes views on how the economic check would apply to the LGPS. The consultation does not cover schemes in Northern Ireland, though Treasury welcomes feedback from all stakeholders across all UK public service schemes. The consultation closes at 11.45pm on 19 August 2021.

8. Governance and administration survey

- 8.1. TPR has published the results of the public service governance and administration survey 2020/2021. The entire survey results have not been included as an appendix in this report due to the length of the document, but are available using this link: <https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/public-service-research-2021.ashx>.
- 8.2. The survey was conducted online between January and March 2021 and included new questions on schemes' response to the COVID-19 pandemic, awareness of the pension's dashboards, and the action taken by local government schemes in relation to climate-related risks and opportunities. SCPF's individual fund response was shared with Pension Board members at the March 2021 meeting.
- 8.3. The results show improvements nationally in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time. Unsurprisingly, most schemes identified implementing the McCloud remedy as a significant risk and it has been commented that scheme governance has generally stood up well given the unique challenges the last year has presented.

9. The pensions dashboards programme

- 9.1. Within the pensions industry, work underway following the legislation to introduce the requirement for UK-based pension providers and schemes (or those operating on their behalf) to supply data to the pensions dashboards program. To support preparations, fund officers have input into a recent 'call for

input' from data providers, which was organised by the Local Government Association. Shropshire Council's IT team were consulted with, to aid the fund's response to the questions raised, with the focus being on data security and IT infrastructure requirements. At present there are still a lot of unknowns for Pension providers around the provision of benefit data to the dashboards and the costs that the Fund will incur to do this. Officers are attending any webinars that the Money and Pension Service run to improve their understanding of the expectations on the Fund by the Government.

10. Employers' meeting 2021

- 10.1. The date for the 2021 employers' meeting has been set as 22 November 2021. This year, due to continued uncertainty with Covid-19 restrictions, it will be held online using Microsoft Teams, unless it is confirmed closer to the time that face to face meetings can be accommodated in a suitable venue.
- 10.2. This meeting is a chance for Fund Employers to catch up on all the latest pension fund news. The fund actuary will also be delivering a presentation on the upcoming 2022 actuarial valuation as well as an update on data and the McCloud project. Feedback from Pension Board members, specifically employer representatives, on the content of this meeting is encouraged.

11. Employers representative vacancy

- 11.1. A vacancy has arisen on the Pensions Board for an employer representative, due to the resignation of Philip Ingle. The recruitment process will be initiated according to the board's terms of reference.

12. Knowledge and skills

- 12.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) framework guidance on the knowledge and skills for individuals involved with LGPS fund management was updated in June 2021. It is understood the principles of this guidance include the need for formal objectives, policies, practices and strategies concerning the knowledge and skills of those responsible for LGPS funds, namely committee members and senior officers.
- 12.2. The Fund accountant is obtaining copies of this latest guidance.
- 12.3. Officers are currently looking into whether the fund requires an e-learning program which would cover the topics of interest to the LGPS and in relation to this guidance. A programme is

Pensions Board; 23 July 2021: Administration and regulatory updates

needed to deliver, assess and record training and development to enhance knowledge and skills of members and officers.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 25 June 2021 Pensions Administration Report

Pensions Board Meeting 19 March 2021 Administration and Regulatory updates

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

None

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