



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

Date: 7 October 2021

**Committee:
Pensions Board**

Date: Friday, 15 October 2021
Time: 10.00 am
Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

You are requested to attend the above meeting. The Agenda is attached
Members of the public will be able to access the live stream of the meeting by clicking on this link:

<https://shropshire.gov.uk/PensionsBoard15October2021>

There will be some access to the meeting room for members of the press and public but this will be very limited due to current Health and Safety Regulations. If you wish to attend the meeting, please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

Tim Collard
Interim Assistant Director – Legal and Democratic Services

Members of Pensions Board

Member Representatives

John Hall (Chairman)
Mike Morris
Dave Wright

Employer Representatives

Liz Furey
Clare Charlesworth-Jones
Helen Woodvine

Your Committee Officer is:

Michelle Dulson Committee Officer

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 - 6)

The Minutes of the meeting held on 23 July 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 10.00am on Wednesday 13 October 2021.

5 Administration and Regulatory Updates (Pages 7 - 18)

Report attached.
Contact: Debbie Sharp (01743) 252192

6 Date of Next Meeting

The next meeting of the Pensions Board will be held at 10.00am on the 28 January 2022.

7 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.

8 Exempt Minutes (Exempted by Category 3) (Pages 19 - 22)

The Exempt Minutes of the meeting held on the 23 July 2021 are attached for confirmation.

Contact Michelle Dulson (01743) 257719

9 Cyber Security Update (Exempted by Category 3)

A verbal update will be given.

Contact: Ian Churms, Infrastructure Security and Innovation Manager, ICT Services

10 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 17 September 2021.

[Agenda for Pensions Committee on Friday, 17th September, 2021, 10.00 am — Shropshire Council](#)

11 Governance Update including overview of recorded breaches and cyber security (Exempted by Category 3) (Pages 23 - 52)

Report attached.

Contact: Rebecca Clough (01743) 254457

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Committee and Date

Pensions Board

15 October 2021

PENSIONS BOARD

Minutes of the meeting held on 23 July 2021

9.30 - 11.30 am

Responsible Officer: Michelle Dulson

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

Present

Pensioner Representatives

John Hall (Chairman)

Mike Morris

Dave Wright

Employer Representatives

Liz Furey

Clare Charlesworth-Jones

13 Apologies

No apologies were received.

14 Declarations of Conflicts of Interest

No conflicts of interest were declared.

15 Minutes of the previous meeting

RESOLVED:

That the Minutes of the meeting held on 19 March 2021 be approved and signed by the Chairman as a correct record.

16 Public Question Time

No public questions had been received.

17 Administration and Regulatory Updates

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 Pensions Administration Manager confirmed that the Finance Act 2021 had now received Royal Assent, freezing the lifetime allowance at £1,073,100m for a number of tax years going forward. This would be communicated to members and put on the website. She then drew attention to the consultation launched by the Treasury on proposed changes to the cost control mechanism.

The Pensions Administration Manager highlighted the results of the Governance and Administration survey set out at paragraph 8 of the report before turning to the Pensions dashboard programme (paragraph 9) which, she explained, was going to be a statutory obligation to ensure that Pensions Funds' across the country could provide information through the dashboard to its members. She confirmed that it covered public sector schemes and they would ensure officers were aware and were ready to pick up when required. The Pensions Administration Manager reported that they were at the data collection exercise part of this.

The Pensions Administration Manager informed the Board that the date for this year's Employers' meeting had been set for 22 November 2021 at which the Actuary would attend to give an update about what was happening in the interim and giving employers realistic information that even though the fund was growing well at the moment, there was the other issue of the cost of liabilities so it was not likely at present to see any contribution reduction.

In conclusion, the Pensions Administration Manager drew attention to the updated CIPFA framework and explained that a full assessment would be undertaken in order to keep Board Members' knowledge and skills up to date. They would also be looking at what was required going forward as an education programme with remote working and what training methods could be taken forward and delivered in a more robust way.

In response to a query in relation to the consultation on the cost control mechanism the Pensions Administration Manager confirmed that they were looking at widening the 2% corridor to 3%. She explained that they had not expected the cost control mechanism to be flagged so quickly so they were looking at how it was set up and whether it was too rigid. In response to a further query, the Pensions Administration Manager explained that the corridor cost referred to how much a benefit was assumed to be costing and how much of that the employer was paying and how much the employee was paying and if the movement went 2% either side of that then something needed to change, so they were looking at that mechanism with a view to widening it.

The Pensions Administration Manager confirmed that Shropshire County Pension Fund would be responding to the consultation and would be looking at it along with the actuary. The Pensions Administration Manager answered a number of further queries in relation to the cost control mechanism consultation.

It was queried whether an information pack for Shropshire County Pension Fund, based on the one from Derbyshire, could be circulated before the employers' meeting to include how contributions were affected by different consultations etc by way of background. The Pensions Administration Manager explained that they had been working on the brochure and that Claire Charlesworth-Jones and Dave Wright

had been asked to look at this and provide feedback in the next couple of weeks in order to get it circulated before the November meeting.

In response to a query about participation rates at employers' meetings, the Pensions Administration Manager reported that between a third and half of all employers in the scheme were usually represented. In relation to McCloud and following on from an update from AON which stated that they had settled the dates for the remedy to be applied which were 2014-2022 a query was raised as to how much it would cost the scheme and also how employers would cope with having to do their part of the calculation. In response, the Pensions Administration Manager explained that the cost had been built in by the actuary to employers' contributions if employers wished to pay it, which most did. She confirmed that it would not be in legislation by then but that the actuary was giving the employers an opportunity to pre-fund so that the actual cost of the uplift in the benefits was being built in.

In relation to the cost, that was now built into their budgets and additional staff were being recruited there would also be an additional cost for the software providers. The Pensions Administration Manager agreed to provide a budgetary update at the next meeting.

A brief discussion ensued in relation to the vacancy for an employer representative along with the selection process, which Members were not happy with as they wished to comment on the applicants before a final decision was taken. It was agreed, if timing allowed, to review the skills matrix prior to appointing to ensure the relevant skills mix. It was also agreed to update the Terms of Reference to include the Chairman or another representative from the Board on the selection committee.

RESOLVED: To note the contents of the report.

It was agreed to take Agenda items 6 (Update from Chair following attendance at Cheshire Pensions Board) and 7 (Pensions Board Peer Review) together.

18 Update from Chair following attendance at Cheshire Pensions Board

19 Pensions Board Peer Review

The Chairman explained that at a meeting of the Regional Pension Board Chairs it was suggested that some work be done between boards to look at the way they do things, to get ideas of best practice and to set up benchmarks in the long term for the way that Pensions Boards could be run. The Chairman felt that this would be useful and as such attended a meeting of the Cheshire Pensions Board.

He informed the Board how the Cheshire Pensions Board meeting was run, he noted that although the Agenda was very similar, there were considerable differences in how the board functioned. For example, meetings of the Cheshire Pensions Board were not held in public, it had its own budget, the Chairman chaired the Employers meeting etc.

It was hoped to get an agreement to undertake some further work together and to learn from each other going forward. The Chairman of the Cheshire Pension Board was in attendance and he briefly discussed working together and felt it was a good time to think about how Boards operate whilst the Good Governance Review was ongoing and they were looking to update their Terms of Reference.

He felt that the formal meeting was very well run. He explained that the Cheshire Board was not a public meeting as the Committee already provided the public meeting that gave the transparency required as a public organisation and it was felt that the role of the Board was to assist the administering authority.

The Chairman of the Cheshire Pension Board discussed their workplan and how it was created. The work plan existed so that the Board could prove it had assisted the fund in the achievement of its objectives and he hoped they would never have anything on the Agenda that the fund itself did not think was helpful.

In response to a query, the Chairman of the Cheshire Pensions Board confirmed that although Board Members could attend the Committee, it was rare. They would perhaps attend for a specific item of interest to the Board but as Chairman he felt it was unnecessary as the Board was not a scrutiny committee.

RESOLVED: to note the contents of the report.

20 Date of Next Meeting

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

21 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.

22 Exempt Minutes (Exempted by Category 3)

RESOLVED:

That the Exempt Minutes of the meeting held on 19 March 2021 be approved and signed by the Chairman as a correct record.

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

The reports considered by the Pensions Committee at its meeting on 25 June 2021 had been received by the Board.

24 Governance Update including overview of recorded breaches and cyber security (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:

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<u>Committee and date</u> Pensions Board 15 October 2021 10.00am

<u>Item</u> <u>Public</u>

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. In addition to this report, the Pensions Board are advised to note the pensions administration reports submitted at the Pensions Board meeting of 23 July 2021 and at the Pension Committee meeting on the 17 September 2021.

5. Employer representative vacancy

- 5.1. The vacancy on the Pensions Board has recently been filled following an appointment process undertaken in line with the board's terms of reference. Helen Woodvine from Coverage Care has been appointed as employer representative.

6. Employer's meeting

- 6.1. Pension Board members are reminded that the 2021 employers' meeting is due to take place on 22 November 2021 from 10am to 12pm, this includes time for questions. The meeting agenda primarily focuses on an update from the fund actuary on their initial thoughts regarding the next triennial valuation as at 31 March 2022. The actuary will be covering the following:
- The background to the valuation (what it is, why we do it, including brief commentary on the contrast between funding and accounting figures)
 - The outlook for contributions in general terms, including commentary on impact of key events, for example Covid-19 and the McCloud remedy
 - Overview of the process and timetable
- 6.2. Fund officers will be covering the administration impact of McCloud and the work undertaken so far within this project.
- 6.3. Pension board members, specifically employer representatives, are encouraged to provide feedback to fund officers about the agenda for this meeting and whether there are any specific topics which should be covered.

7. The Pensions Regulators Scams Pledge

- 7.1. The team have recently signed up to join The Pensions Regulators Scams Pledge, to self-certify, in the future, that the fund is committed to tackling pension scams, which can have

devastating consequences for individuals. The fund already has robust procedures in place to protect scheme members and undertakes stringent checks on requests for transferring benefits out of the scheme and regularly warns members about the risk of scams. By taking the pledge, officers are now reviewing practices against The Pensions Regulator's guidance to ensure it is undertaking all required action to protect scheme members from pension scams.

8. Introduction to the LGPS guide

- 8.1. Fund officers have been working with Pension Board members to create an 'Introduction to the LGPS' guide which can then be used for new officers, Pension Board members, Pension Committee members and employers. Due to its size, the new guide has been shared with board members by email prior to the meeting.

9. Annual benefit statements 2021

- 9.1. The fund issued annual benefit statements to both active and deferred members by the statutory deadline of the 31 August 2021. A total of 33,463 statements have been produced. 15,115 actives and 18,348 deferred statements were released to 'My Pension Online'. 209 active and 344 deferred statements were issued in paper format. Seven active statements were unable to be produced, due to an error within the pensions administration system. In total, 6,606 deferred members and 7,870 active members have an email address on their pension record and received an email informing them that their benefit statement was available. The open rate of the deferred member email was 67% and 58% for active members.
- 9.2. To ensure more members can receive the email notification, further work is required to obtain more email addresses and telephone numbers for scheme members in the future and to increase the level of engagement when publishing important documents such as the annual benefit statements. Fund officers are looking into how best this can be tackled with the resource available.

10. McCloud – Public Service Pensions and Judicial Offices Bill

- 10.1. On 6th August 2021 the government published guidance on the Public Service Pensions and Judicial Offices Bill published in July 2021.

- 10.2. The guidance can be found on the gov.uk website here:
<https://www.gov.uk/government/publications/public-service-pensions-and-judicial-offices-bill/guidance-on-the-public-service-pensions-and-judicial-offices-bill>
- 10.3. As well as providing an overview of the bill's contents, the guidance confirms the government's decision to waive the impact of any ceiling breaches that arise as part of the 2016 cost control valuations process, but to honour any floor breach, meaning no member will see a reduction in benefits and be worse off as a result.
- 10.4. The guidance also sets out:
- that members do not need to submit a claim to receive the pension changes
 - why members who joined between 2012 and 2015 are not in scope
 - issues regarding affected members who have retired or will retire before scheme legislation is introduced
 - that individual schemes will carry out consultations on more detailed scheme-specific changes once the bill is introduced
- 10.5. The guidance also confirms (dependent on the eventual policy) that it would be helpful if scheme members kept their paperwork related to tax from April 2014 onwards - this includes all self-assessment returns, P60s, annual benefit statements and documents relating to any other personal or occupational pension schemes, as the scheme changes may lead to changes in annual or lifetime allowance. This is something the fund will communicate in any upcoming communications regarding McCloud.
- 10.6. More recently, the Public Service Pensions and Judicial Offices Bill received its second reading on 7 September and moves to committee stage from 11 October 2021. It is expected that government amendments at this point in the process will provide more detail on the application of remedy to the LGPS.
- 10.7. Fund officers are undertaking data analysis to identify any significant gaps in the data which has been supplied by scheme employers since the introduction of the 2014 Scheme, to determine the next steps required for the fund to implement the proposed legislation when it is laid.

11. The Pension Regulator's Single Code of Practice

- 11.1. On 24 August 2021, the Pensions Regulator (TPR) issued its interim consultation response to the recent new single code consultation accompanied by a press release:
https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice/interim-response-to-consultation-on-tprs-new-code?utm_source=Outlook&utm_medium=email&utm_campaign=new_code_event_24082021
- 11.2. TPR received 103 responses, of which 24 were from public service pension schemes, in total around 10,000 individual answers to questions were supplied. No firm final publication date has been provided for the new code and due to the level of responses, TPR do not expect to be putting this before parliament before Spring 2022, and therefore unlikely to become effective in Summer 2022.
- 11.3. However, officers will be starting preparations for the new code by reviewing the interim response.

12. The Pensions Regulator's annual scheme return

- 12.1. On the 29 September 2021, the Pensions Regulator (TPR) issued its annual scheme return which must be completed by on behalf of the Scheme Manager by 10 November 2021. Fund officers have started to gather the information required to complete the return. Pension Board members can find more information about the scheme return and what information needs to be provided in **Appendix A**.

13. Improvements to 'My Pension Online'

- 13.1. Fund officers have been working with the Pensions Administration System supplier to improve the registration and login process for scheme members accessing 'My Pension Online'. Improvements to the member journey when accessing 'My Pension Online' have been identified and are being tested, with the aim to be implemented in the coming weeks.

14. Leavers forms through the i-Connect data portal

- 14.1. Fund officers will be working with scheme employers to improve the process when submitting pension leaver forms. These forms are used to notify the fund of a leaver and are used to provide data to calculate the correct pension benefits according to the reason for leaving. Currently, employers are asked to submit leavers forms via email or through a paper copy. Going

forward, employers will be asked to submit forms through the secure i-Connect data portal, improving the security of data flow. All scheme employers have been using i-Connect to submit monthly data to the fund for several years. This new feature will allow employers to upload leaver notification forms directly to the pensions administration system when a leaver has been identified and provides a secure portal for this data to be sent.

15. Team update

- 15.1. Recruitment is underway for the four new posts which have been created within the Pensions Administration Team. Interviews have taken place for one out of the four new roles and with one verbal offer made. Shortlisting is taking place with the remaining vacancies.

16. Pension administration budget

- 16.1. The cost of pension administration is detailed in the fund's annual report. The fund accounts, along with the total administration costs for 2020/21, were agreed at Pensions Committee on the 17 September 2021.

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

Pensions Committee Meeting 17 September 2021 Pensions Administration Report

Pensions Committee Meeting 17 September 2021 Pensions Annual Accounts 2021

Pensions Board Meeting 23 July 2021 Administration report

Pensions Board; 15 October 2021: Administration and regulatory updates

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

Appendix A – Scheme return guidance

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Information for public service scheme managers

A quick guide to information that must be provided to us

There is certain information that public service pension schemes are legally required to provide to us. This quick guide outlines the kind of information that must be provided and why, as well as some best practice tips to help you meet the legal requirements.

The legal duties include:

- providing us with ‘registrable information’ and keeping this information up to date
- ensuring that the scheme return is provided accurately and on time.

What information must be provided?

Registrable information

Managers of public service pension schemes are legally required to provide 'registrable information' to us, and to keep this information up to date. This information includes the scheme name, address and scheme type, membership data, and name and addresses of employers. We are required to capture this information in a register and we also use it to inform the Pensions Tracing Service, which helps people find lost pensions.

Other information

In addition to registrable information, we collect additional information each year via the scheme return to build an accurate picture of the landscape, so we can regulate effectively and provide relevant educational materials. We also use this information to make sure we can contact the relevant people running the schemes.

Information we collect in this way includes details for scheme contacts, pension board members and various service providers such as administrators. It is a legal requirement for scheme managers to provide the scheme return.

How do I go about actually completing a scheme return?

You'll need to do this via Exchange, our online service at: <https://exchange.thepensionsregulator.gov.uk/>

If you've used Exchange before, log on using your registered email address and password. Choose the scheme from the 'My schemes' page and select the 'Scheme maintenance' option. If you haven't used Exchange before, you'll need to register. This is very straightforward to do.



Best practice tip

In larger schemes, several people may need to have access to the information on Exchange. You can provide access to as many people as required by going to Exchange, logging in, and then selecting 'Manage who can access this scheme online' from the Scheme options menu. We recommend you do this in advance of receiving the scheme return notice.

If I manage multiple schemes, do I need to complete a return for each scheme?

If you manage more than one scheme, you'll need to complete a scheme return for each separate scheme. For example, a fire and rescue authority in England might need to complete a scheme return for the Firefighters' Pension Scheme 1992, another for the New Firefighters' Pension Scheme 2006 and a third one for the Firefighters' Pension Scheme 2015.

Does this mean that some people will be counted more than once?

Yes it will. If a person is a deferred member of one scheme and an active member of another scheme, they should appear in the appropriate data category for both schemes. This gives us an accurate picture of the active, deferred and pensioner members connected to each individual scheme.

What is the deadline for completing the scheme return?

The deadline is stated on the scheme return notice itself and is usually six weeks from the date of the notice.



Best practice tip

The information we are asking for is straightforward, but give yourself time to complete the scheme return in case you need to go and find certain information about your scheme. Our website lists the information you'll need to provide, so it's worth reading this and preparing the information in advance to save time.

What if I can't complete the scheme return within the deadline?

We don't anticipate schemes having problems completing the scheme return on time as the information asked for is not technical or complicated. However, completing the scheme return by the deadline is a legal requirement and failure to do this could lead to a fine or other action being taken. If schemes are having problems, then they should contact us as soon as possible.

Your ongoing duties

It is the scheme manager's legal duty to keep registrable information up to date, notifying us as soon as reasonably practicable if there are any changes. Schemes can update their information at any time, via Exchange – they shouldn't wait for the annual scheme return. Keeping your scheme information up to date will help you to complete your annual scheme return more quickly and efficiently.



Best practice tip

We've had a number of cases where the scheme return contact has retired or changed job but no new details have been provided to us. To help you meet your legal obligations, make sure the scheme return contact is kept up to date.

How to contact us

Napier House
Trafalgar Place
Brighton
BN1 4DW

www.pensionseducationportal.com

Free online learning for those running public service schemes



A quick guide to
information that must be provided to us
Information for public service scheme managers
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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