



**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: .....