



Committee and Date

Pensions Board

26 January 2024

PENSIONS BOARD

Minutes of the meeting held on 13 October 2023

In the Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

10.00 - 11.40 am

Responsible Officer: Michelle Dulson

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

Present

Member Representatives

John Hall

Dave Wright

Vacancy

Employer Representatives

Madeline Murphy

Helen Woodvine

1 Apologies

An apology was received from Liz Furey – Employer Rep.

2 Declarations of Conflicts of Interest

No conflicts of interest were declared.

3 Minutes of the previous meeting

Matters Arising

Mike Morris was shown as being present and giving apologies. The Committee Officer to amend the Minutes accordingly.

Paragraph 53 Administration and Regulatory Updates

It was confirmed that the Annual Report for 2022/23 had been presented to the September meeting of the Pensions Committee not the Board.

The Pensions Administration Manager agreed to include a breakdown of the number of active members each employer had for the January 2024 meeting.

Paragraph 55 Update on LGPS Central Chairs meetings

It was confirmed that the Head of Pensions would be attending the Chairman's meeting on 23 October 2023 and John Hall would be joining remotely.

RESOLVED:

That the Minutes of the meeting held on 9 May 2023 be approved and signed by the Chairman as a correct record, subject to the above.

4 Public Question Time

No public questions had been received.

5 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 since the Administration report provided to Pensions Board on 9 May 2023 and Pensions Committee on 15 September 2023.

The Pensions Administration Manager introduced and amplified her report. She explained that the administration team were heavily focussed on ensuring that policies and procedures were up to date and were currently working on producing a Business Plan purely for the pensions function and it was hoped to take the first draft to the Pensions Committee in December before coming to the next Pensions Board meeting in January.

The Pensions Administration Manager drew attention to the 'My Pensions online' update which indicated that only half of all active members viewed their benefits online. Once the resources within the team were back to full strength, they would do a push to get more online registrations and were using the national 'Pension Attention' campaign.

The Pensions Administration Manager explained that a Pensions Savings Webinar had been held on the 10 October for employers who may be affected by future tax implications and a number of one-to-one guidance sessions had been arranged with a tax specialist. She reported that the Autumn edition of the 'In touch' publication was currently being drafted and would include an article about recruitment of a new Pensioner representative.

She went on to report that the employers meeting was due to take place on 14 November 2023 with the main topic likely to be the McCloud remedy which had been implemented in legislation from 1 October 2023. There was a lot of work to do before the National Dashboard came into being in 2026 to ensure that all employer data was up to date.

Turning to disaster recovery, the Pensions Administration Manager confirmed that the Council's Pensions Administration system was now held by Haywoods in their Cloud and a successful disaster recovery exercise had been undertaken. The Pensions Administration Manager drew attention to the update from the Scheme Advisory Board (SAB) in relation to their scheme valuation from 2022, an update around the gender pensions gap and surpluses working group.

Looking at the McCloud remedy, the Pensions Administration Manager informed the Board that although this was now in legislation, they were still awaiting statutory guidance around how to calculate different elements of the pensions' benefits. They were currently working with their software provider to include a calculation for McCloud within the system and it was hoped to go live with that in the next few weeks. The Pensions Administration Manager reported on the recent team training day which had covered McCloud and the national pensions dashboard.

In response to a query, the Pensions Administration Manager went into more detail around the issue of surpluses and how they were going to be dealt with going forward should they continue to grow, and she agreed to keep the Board updated.

In response to a further query, the Pensions Administration Manager updated the Board in relation to staffing within the Pensions Team. She confirmed that a new Pensions Administration Manager had been appointed to replace herself and would start on 19 December 2023. She reminded members that Alison Grange had been appointed to replace the Communications and Governance Team Leader and they had just successfully appointed a new Senior Communications and Governance Officer to replace Alison, although they did not yet have a start date. They currently had one vacancy within the team which would be advertised shortly.

The Pensions Administration Manager added that recruitment nationally was very difficult, and she confirmed that the LGA were looking at introducing some new qualifications to aid retention of staff and make it more nationally recognised as a proper profession.

RESOLVED:

That the contents of the report be noted.

6 Cost Transparency

The Pensions Investment and Responsible Investment Manager gave a verbal update in relation to a meeting which himself and the Pensions Investment Officer had attended in relation to Cost Transparency. He explained that cost transparency was a scheme that the Scheme Advisory Board (SAB) had put into place and was a voluntary agreement for investment managers to provide all Local Government Pensions Scheme (LGPS) funds and pools with cost information in a standardised format supported by an online system which would give access to that information.

Although not new, having been around since 2019, the SAB were now pushing it a bit more as it had grown over time, with a lot more manager take-up (90% of assets within LGPS were covered by 159 managers with a 95% template completion rate). Also, up until 2023, they had only been able to include the costs for level one and two investments eg equities and bonds, but did not include any level three investments eg private market investments, infrastructure, private equity or some of the more complicated investments like insurance linked securities. However, from April 2023 it was hoped to include level three investments within the template so

there would be one data source where information on costs could be found. The data could then be used to do comparisons with other LGPS funds and could be shared with the Pensions Board and Pensions Committee. Although net performance was still the key driver, being able to look at costs in more detail would also be helpful going forward. A validation exercise would however need to be undertaken to ensure the data was accurate. The other issue was that under the scheme, managers had 90 days from quarter end to submit the information so at year end they would have until the end of June whereas the deadline to produce the draft accounts was the end of May. However, if the rest of the costs were validated it would give a better way to estimate what that final quarter would be.

The Pensions Investment and Responsible Investment Manager confirmed that the cost was covered within the SAB fees. Once this had been looked into more thoroughly, he would bring a report back to the Board with some example reports. Members felt this information would be invaluable.

7 Pensions Committee Reports and Feedback

The reports considered by the Pensions Committee at its meeting on 23 June 2023 and 15 September 2023 had been received by the Board.

In response to a query, it was confirmed that the Committee had voted (three to two) against having a public AGM. No public AGM had been held since the Covid19 pandemic, but even prior to that, the numbers attending had reduced year on year, and along with the different ways of working and with information being provided online and via webinars, this gave access to a lot more members and a lot more employers. The Pensions Administration Manager confirmed that face to face meetings were however still available, if required and they still go out to employers on site, if requested.

The Board considered and agreed with the decision of the Committee to not hold a public AGM.

8 Date of Next Meeting

The Chairman reported that the next meeting would be held on Friday 26 January 2024 at 10.00am.

9 Exclusion of Press and Public

RESOLVED:

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)

RESOLVED:

That the Exempt Minutes of the meeting held on 9 May 2023 be approved and signed by the Chairman as a correct record, subject to the above.

11 Economic Update (Exempted by Category 3)

The Board received the exempt report of the Pensions Investment and Responsible Investment Manager – copy attached to the signed Exempt Minutes – which provided an update on the general economic conditions for the third quarter of 2023 and gave an unaudited portfolio valuation of the fund as at 29 September 2023.

RESOLVED:

That the contents of the report and Appendix A be noted.

12 Pensions Committee Exempt Reports and Feedback (Exempted by Category 3)

The exempt reports considered by the Pensions Committee at its meetings on 23 June 2023 and 15 September 2023 had been received by the Board.

13 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 ending 30 June 2023 affecting the Shropshire County Pension Fund. Updates on all other governance issues were also included within the report.

RESOLVED:

To note the contents of the report, the contents of Appendix A and to agree Appendix B.

Signed (Chairman)

Date: