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Pensions Board

Friday, 28 June 2019

1.00 pm

Ivanovo Room - County Buildings

John Tradewell
Director of Corporate Services
20 June 2019

A G E N D A

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the Meeting held on 15 March 2019** (Pages 1 - 2)
4. **Matters arising from:**
 - Pensions Committee – Minutes of the meeting held on 15 March 2019
 - Pensions Committee – Meeting held on 28 June 2019
5. **Pensions Board Annual Report 2018/19** (Pages 3 - 10)
6. **Dates of Future Meetings**
 - 12 July 2019 (Joint training with the Pensions Committee)
 - 27 September 2019
 - 8 November 2019 (Joint training with the Pensions Committee)
 - 17 December 2019
 - 27 March 2020
7. **Exclusion of the Public**

The Chairman to move:-

'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) indicated below'.

PART TWO

8. **Exempt Minutes of the Meeting held on 15 March 2019** (Pages 11 - 12)
(Exemption paragraph 3)
9. **Exempt Matters Arising From:**
(Exemption paragraph 3)
- Pensions Committee – Exempt Minutes of the meeting held on 15 March 2019
 - Pensions Committee – Meeting held on 28 June 2019
10. **Pension Fund Audit Reports** (Pages 13 - 42)
(Exemption paragraph 3)
- Pension Fund Governance – Final Audit Report 2018/19
 - Pension Fund Administration – Final Audit Report 2018/19

Report of Staffordshire County Council Internal Audit Service and presentation by Chief Internal Auditor

Membership	
Gordon Alcott	Tim Legge
Ian Jenkinson	Kate Salter

Note for Members of the Press and Public

Filming of Meetings

The Open (public) section of this meeting may be filmed for live or later broadcasting or other use, and, if you are at the meeting, you may be filmed, and are deemed to have agreed to being filmed and to the use of the recording for broadcast and/or other purposes.

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

Minutes of the Pensions Board Meeting held on 15 March 2019

Present: Ian Jenkinson (Chairman)

Gordon Alcott

Tim Legge

PART ONE

13. Declarations of Interest

There were no declarations of interest on this occasion.

14. Minutes of the Meeting held on 18 December 2018

The Board discussed the minutes of the meeting held on 18 December and agreed to amendments under item 4: "Matters arising from" as follows:

- The deletion of the words "and requested that both internal and external audit report in relation to the Pool be shared with the Board"
- That under the resolution the word "Pool" be replaced with "Pension Fund".

RESOLVED – That subject to the above amendments, the minutes of the meeting held on 18 December 2018 be approved and signed by the Chairman

15. Matters arising from the Pensions Committee Meeting:

That there were no matters arising on this occasion.

16. Staffordshire Pension Board - Succession Planning

The Board received a report of the Chairman on Succession Planning which had been prepared due to the current vacancies on the Board and as three Board members' term of office was due to expire in October 2019. The Chairman indicated that the Constitution allows for a maximum of seven members; three Employer Representatives and three Scheme Member Representatives. The seventh member is undefined, but the Act allows for an Independent Chair to be appointed, although this had not been exercised in Staffordshire.

It was reported at the meeting that the scheme manager was proposing to extend the Chairman's term of office for up to 12 months. The scheme manager also reserved the right to extend the term of office of the other two retiring members for a period of six months should sufficient progress not be made in relation to the appointment of new representatives.

The secretary was tasked with seeking a nomination from the appropriate representative body in respect of the appointment of an elected member representative on the Board.

RESOLVED – (a) That the report be received.

(b) That nominations be sought from the Scheme Employers for two “officers of a scheme employer” representatives.

(c) That one nomination is sought from the appropriate body representing Staffordshire District Councils for the “elected local authority Councillor” representative.

(d) That an advert be placed in an appropriate publication(s) seeking expressions of interest for one active or deferred scheme member.

17. Dates of Future Meetings

RESOLVED – That the dates of future meetings be noted.

18. Exclusion of the Public

RESOLVED – That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph on Part 1 of schedule 12A of the Local Government Act 1972 indicated below.

19. Exempt Minutes of the Meeting held on 18 December 2018

(Exemption paragraph 3)

20. Exempt matters arising from the Pensions Committee

(Exemption paragraph 3)

21. Pension Fund Governance (Follow Up) Final Audit Report 2017/18

(Exemption paragraph 3)

Chairman



Pensions Board Annual Report 2018/2019

Version: Final



Introduction

This is the fourth annual report from the Staffordshire Pensions Board, the Board having been established by Staffordshire County Council Pensions Committee during spring 2015.

The Board is required by The Public Service Pensions Act 2013 to assist the Administering Authority, to secure compliance with the LGPS Regulations and help ensure that the Staffordshire Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator.

Executive Summary

The opinion of the Board is that we do not have any concerns about the Staffordshire Pension Fund or its administration. We do however have some concerns about the payroll arrangements for a number of employers that resulted in a Breach being registered.

Board Members

The Board consists of six members, three representing Scheme members and three representing employers drawn from employer organisations. There are currently two vacancies on the Board, we thank both Corrina Bradley and Christina Washington for their work since the inception of the Board and wish them well for the future.

Employer Representatives

Councillor Gordon Alcott - Cannock Chase District Council

Corrina Bradley - Financial Services Manager at Staffordshire Fire & Rescue and Board Vice-Chair (resigned January 2019)

Christina Washington - Chief Finance Officer at St Bart's Multi-Academy Trust (resigned January 2019)

Scheme Member Representatives

Tim Legge - Retired Scheme member

Ian Jenkinson - Retired Scheme member and Chair of the Board

Kate Salter - Unison Representative

Meeting Attendance

The Board has met on four occasions during the year and attended joint training events and briefings with the Pensions Committee. In addition, one or more of the

members have attended every Pensions Committee and Pensions Panel meeting to ensure that there is a full understanding of the decisions made and discussions undertaken.

Meeting	15 June 2018	27 Sept 2018	18 Dec 2018	15 Mar 2019
Gordon Alcott	X	X	X	X
Corrina Bradley	X	X	Apologies	Resigned January 2018
Tim Legge	Apologies	X	X	X
Ian Jenkinson	X	X	X	X
Kate Salter	Apologies	Absent	X	Absent
Christina Washington	X	X	Apologies	Resigned January 2018

Work Programme

During the year Board members have monitored compliance with the Regulations, the Risk Register and the development of the LGPS Central Pool arrangements. In addition, Board members have commenced a review of internal and external Audit Reports.

Breaches

The Board has a responsibility to report upon any matter that appears to be materially significant. It was reported in two previous Annual Reports that a number of scheme employers were not compliant with the timescales for supplying information to the Fund because their payroll arrangements were in transition to new providers.

This situation continued into the current year albeit at a much reduced scale. The effect of this was that a small proportion of scheme members did not receive their Annual Benefit Statement on the due date. This is an indirect breach of the Local Government Pension Scheme Regulations. The breach has been recorded on the Breaches Log and a Breach Report was filed with the Pensions Regulator.

The Board endorsed this decision and reviewed a Data Improvement Plan that should improve matters. This will be reviewed later in 2019.

Risk Register

The Pensions Committee, at its meeting of 15 June 2018, accepted the content and recommendations of the Board's review of the Pension Fund Risk Register carried out during 2017 and requested that the Board continue to play an active role in the ongoing review process.

This review work has been carried out by individual Board Members attending, as observers, a series of meetings of the Officer Working Group where the Risk Register was discussed in line-by-line detail.

The view of the Board is that the Risk Register is a robust, comprehensive and appropriate approach to risk management. The risk rating through RAG colour coding (a 'traffic light' indicator) is an understandable way to identify and categorise the risks.

The Board considers that the Officer Working Group manages the whole process through an appropriate procedure, has ownership of both the individual risks and the whole register and take their responsibility seriously.

Online governance arrangements

In order to achieve budget savings the County Council has placed many of its services and administration online. This has resulted in significant savings in paper, postage and administration; something to be welcomed. However, it does require members to use a variety of online systems that Board members have had some difficulty accessing during the past year but work is in hand to rectify the matter.

LGPS Central Pool arrangements

LGPS Central became an operational limited company on 3 April 2018 and is developing its service offer to each of the eight Partner Funds. Development of the product offering has been challenging and arguably, therefore, progress has been slower and less focussed upon the needs of the Fund than might have been expected. In addition, LGPS Central Ltd replaced their Chief Executive during the year. As a result of this we had some concerns.

The Board does not have a direct role in the oversight of pooling arrangements, but Staffordshire Pensions Committee and Officers are closely following and taking an active role in these developments.

We are pleased to hear that Mike Weston, the new CEO, has given an undertaking to listen more closely and respond to the needs of the Partner Funds. We will monitor this situation.

On a separate aspect we have taken part in two exploratory meetings with the other Pensions Boards within LGPS Central. It is expected that this will become a regular meeting and lead to a better understanding of LGPS Central.

Audit Report

The Board has started to receive and monitor Audit Reports at the March meeting. There is nothing of significance to report at this stage.

Other matters

It will be recalled that, in a previous report, the Board had sought information about comparisons between the Staffordshire scheme and other LGPS schemes. To date it has not been possible to follow this through in any meaningful fashion. However, one aspect of the Pooling Arrangements is that comparable information should be more easily available in the near future.

Finally it is pleasing to note that, the value of the Fund has grown during 2018.

A full set of minutes and information about the Board is available at <http://moderngov.staffordshire.gov.uk/mgCommitteeDetails.aspx?ID=994>

Matters Reported to the Board

The Board has a responsibility to report upon any matter that appears to be materially significant. Aside from the matter referred to above (Breaches) none have come to the Board's attention.

Conflicts of Interest

No conflicts of interest arose during the current year.

Training

The Board has a duty to monitor its own training needs to ensure that each member has the knowledge required to exercise their responsibilities. To that end the Board,

individually, undertook training through The Pension Regulators Public Service Toolkit and has adopted the CIPFA Knowledge and Skills Framework to audit their understanding. All members have now completed that training and have completed a skills audit which is shown at Appendix A.

Training will continue to be targeted to the developing needs of the Board and its work programme.

Costs and Expenses

The costs and expenses of the Board are met as part of the administration costs of the Fund. The total costs during the financial year 2018/2019 were as follows:

Board members travel, training and conferences expenses	£751.70
Independent Advisor to the Board	£1,600
Total	£2,351.70

Ian Jenkinson,

Chair of the Staffordshire Pension Board
June 2019

Pension Board Training – Appendix A

In an attempt to ensure that training was delivered efficiently and effectively by focusing on the key knowledge areas. CIPFA has developed, with the assistance of expert practitioners, frameworks covering the knowledge and skills requirements for officers and elected members/non-executives involved in the administration of public service pension schemes.

Staffordshire Pension Fund Officers carried out an assessment of the Pensions Board, to discover what each individual member felt that their understanding was of the key knowledge areas that had been identified by CIPFA. In turn this would feed into the Training Plan for the coming 12 months. These training requirements have been discussed with the Scheme Actuary and will be delivered accordingly.

The objective is to improve knowledge and skills in all the relevant areas of activity of a pension board and assist board members in achieving the degree of knowledge appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board as required under Section 248a of the *Pensions Act 2004*, as amended by the *Public Service Pensions Act 2013*.

The key Skills are as follows:

Pensions Legislation

Public Sector Pensions Governance

Pensions Administration

Pensions Accounting and Auditing Standards

Pensions Services Procurement and Relationship Management

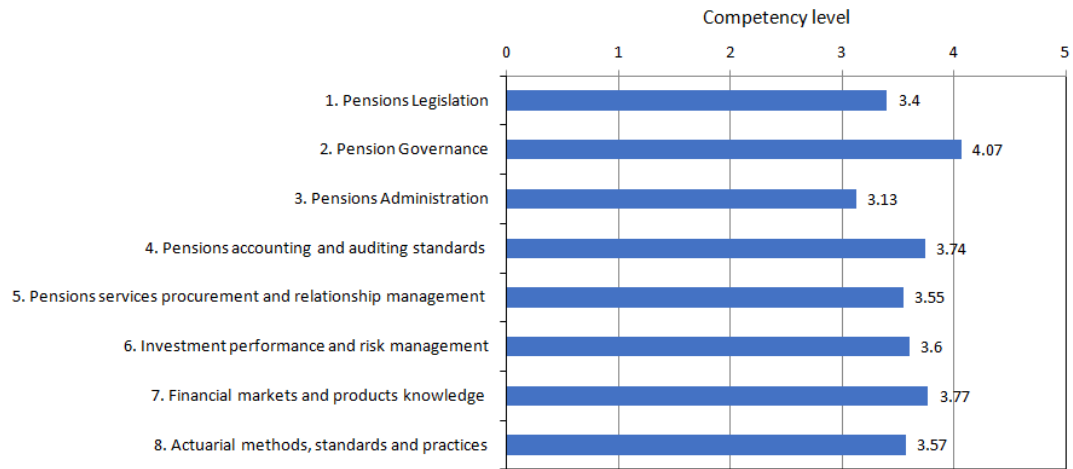
Investment Performance and Risk Management

Financial Markets and Product Knowledge

Actuarial Methods Standards and Practices

The graph below shows the 'collective' competence of the whole Board following training throughout the four years since formation.

Collective Competencies for each segment across all Board members 2018/19



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of Part 1 of Schedule 12A
of the Local Government Act 1972

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