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## **Pensions Board**

Friday 15 December 2023

**13:30**

Staffordshire Room, County Buildings, Stafford

John Tradewell  
Deputy Chief Executive and Director for Corporate Services  
7 December 2023

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## **Agenda**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the meeting held on 29 September 2023** (Pages 5 - 8)
4. **Matters arising from:**
  - a) Pensions Committee - Minutes of the meeting held on 29 September 2023 (Pages 9 - 16)
  - b) Pensions Committee - held on 15 December 2023
5. **Staffordshire Pension Fund Risk Register - Funding** (Pages 17 - 22)

Report of the Director of Finance
6. **Appointment of Members and Staffordshire Local Pensions Board Constitution** (Pages 23 - 48)

Report of the Chair of the Pensions Board
7. **Local Government Association/Scheme**

## **Advisory Board Update**

Presentation by the Director of Finance

### **8. Dates of Future Meetings**

- Friday 24 March 2024
- Friday 28 June 2024
- Friday 27 September 2024
- Friday 20 December 2024

### **9. 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'.

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## **Part Two**

(All reports in this section are exempt)

10. **Exempt Minutes from the meeting held on 29 September 2023** (Pages 49 - 50)
11. **Exempt matters arising from:**
- a) Pensions Committee - Minutes of the meeting held on 29 September 2023 (Pages 51 - 56)
  - b) Pensions Committee - held on 15 December 2023
12. **Internal Audit Reports - Recommendations Progress Log** (Pages 57 - 60)
- Report of the Director of Finance
13. **LGPS Central Pool - Local Pensions Board Chairs Meeting of 23 October 2023** (Pages 61 - 70)

<b>Membership</b>	
Rob Birch (Chair) Corrina Bradley	John Mayhew

## **Notes for Members of the Press and Public**

### **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 29 September 2023**

Present: Rob Birch (Chair)

<b>Attendance</b>	
Corrina Bradley	John Mayhew

**Also in attendance:**

**Apologies:**

**Part One**

**13. Declarations of Interest**

There were no declarations of interest on this occasion.

**14. Minutes of the meeting held on 30 June 2023**

**Resolved** – That the minutes of the meeting held on Friday 30 June 2023 be confirmed and signed by the chairman.

**15. Matters arising from:**

- a. Pensions Committee - Minutes of the meeting held on 30 June 2023

There were no comments on the minutes from 30 June 2023.

- b. Pensions Committee - held on 29 September 2023

A question was raised in regard to the DLUHC Consultation around asset pooling and whether a change in a government administration would have an effect on the asset pooling plans. In response the Assistant Director for Treasury & Pensions suggested that it was unlikely, however the LGA and the Scheme Advisory Board were closer to the political agendas and it was a question that we could perhaps put to them to see what their thoughts are.

The Board were in an agreement to be part of the Cyber Security Risk Register working group alongside Fund Officers.

**16. Staffordshire Pension Fund Risk Register**

At a meeting on 18 August 2023, the Officer working group, together with the Chair of the Local Pensions Board, reviewed the risk area of Governance. Pre and post control ratings were re-assessed, considering

any new controls or sources of assurance. New areas of potential risk were also considered.

Post control, Fund Officers believed there were no areas of high risk and seven areas of medium risk.

The seven medium risk areas related to the review against governance standards, the appointment of Advisers, custody arrangements for Private Market investments, knowledge of legislative change and External Audit reporting to Pensions Committee.

The medium risk areas are deemed to be well managed and have appropriate controls in place, the scores have increased predominantly due to the likelihood of an event happening.

**Resolved** – That the Local Pensions Board notes the risks, relating to Governance, from the current Staffordshire Pension Fund Risk Register, as presented in Appendix 1.

## **17. Appointment of Staffordshire Leaders Group nomination**

The Board received an update on the progress of finding a suitable nominee to sit on the Board. Currently there are six seats on the Board but despite reaching out to eligible parties through groups such as the Staffordshire Leaders Group and an article in the weekly school bag, three seats are still vacant. The Board discussed continuing to seek a fourth member and then exploring the possibility of reducing the number of seats down to four, to make it two Employees and two Employers representatives. re Officers agreed to look into the legislative and constitutional requirements for the Board and produce appropriate reports for Pensions Committee and Board approval if this was a viable option.

**Resolved** – That the Board notes the progress that is being made to appointment a new representative.

## **18. Local Government Association/Scheme Advisory Board Update**

The Board received a presentation on current issues and the engagement of the Local Government Association and Scheme Advisory Board.

The Board were updated on the following;

### **Local Government Association Update**

- Pensions Dashboard Programme,
- Abolition of the Lifetime Allowance,
- Training Survey,

- McCloud Remedy,
- Revised Government Actuaries Department Factors Introduced
- The Pensions Regulator Issues Guidance on Annual Benefit Statements 2023 – 2025

### **Scheme Advisory Board Update**

- SAB recently published 2022 Scheme Annual Report (E&W)
- LGPS Gender Pensions Gap Report

**Resolved** - That the Board notes the update received.

### **19. Dates of Future Meetings**

The following dates for the meetings of the Pensions Board were provided:

- Friday 15 December 2023
- Friday 24 March 2024

**Resolved** – That the dates for the meetings of the Pensions Board be noted.

### **20. 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’.

### **21. Exempt Minutes from the meeting held on 30 June 2023**

**Resolved** – That the exempt minutes of the meeting held on 30 June 2023 be confirmed and signed by the Chairman.

### **22. Exempt matters arising from:**

- a. Pensions Committee - Minutes of the meeting held on 30 June 2023

There were no comments on the minutes from the meeting held on 30 June 2023.

- b. Pensions Committee - held on 29 September 2023

There were no matters arising from the meeting held on 29 September 2023.

## **23. Internal Audit Reports**

**Resolved** – That the Pensions board notes the summary of the progress that has been made against the recommendations from the following Audit Reports:

- A. Pensions Investments – Property
- B. Pensions Administration – Altair Pensions System
- C. Pensions Administration 2022/23

**Chair**



**Minutes of the Pensions Committee Meeting held on 29 September 2023**

Present: Mike Sutherland (Chair)

<b>Attendance</b>	
Philip Atkins, OBE	Bob Spencer
Nigel Caine (Co-Optee)	Liz Staples (Co-Optee)
Mike Davies (Vice-Chair)	Stephen Sweeney
Derrick Huckfield	Michael Vaughan (Co-Optee)
Syed Hussain	

**Also in attendance:** Rob Birch, Corrina Bradley (Employer Representative), Chantelle Denham, Simon Humble and John Mayhew

**Apologies:** Mike Allen, Colin Greatorex, Phil Jones and Mike Wilcox

**Part One**

**13. Declarations of Interest**

There were no declarations of interest made on this occasion.

**14. Minutes of the meeting held on 30 June 2023**

**Minute 6 - Staffordshire Pension Fund Business Plan Outturn 2022/23**

At the Pensions Committee held in June 2023, Councillor Greatorex asked that an exercise be carried out to assess the success of the Staffordshire Pension Fund’s (the Fund) participation in LGPS Asset Pooling, to establish whether it had achieved the cost savings anticipated and originally forecasted. That information would be presented to the Committee as part of Agenda item 13.

**Minute 8 - Staffordshire Pension Fund Communications Policy**

Councillor Greatorex raised a concern about “Digital Exclusion”, as the Communications Policy stated that paper copies would be phased out as the Fund developed the website and My Pension Portal platforms. Fund Officers confirmed that the wording that implied this had been reviewed and amended specifically to address this issue and also provide assurance that current practices would continue for those that requested them.

**Resolved:** That the minutes of the meeting of the Pensions Committee held on 30 June 2023, be confirmed and signed by the Chairman.

## **15. Minutes of the Pensions Panel held on 05 September 2023**

### **Minute 114 - Responsible Investment and Engagement**

The Committee was informed that the Fund had been accepted as a signatory to the Financial Reporting Council's UK Stewardship Code. Officers and LGPS Central colleagues had undertaken a large volume of work to ensure the Fund was accepted as signatories and this involved providing evidence that showed how the Fund complied and aligned with 12 specific principles. The Committee were also informed that Staffordshire was one of a few LGPS Funds, out of a total of 86, who had achieved this.

Councillor Sutherland and the members of the Committee thanked the Officers for their hard work in achieving this accreditation.

**Resolved:** That the minutes of the meeting of the Pensions Panel held on 5 September 2023, be received.

## **16. Appointment of a Co-opted Representative**

The Committee was informed that Mr Philip Jones, who served as the non-voting co-opted member on the Pensions Committee representing Retired Pension Scheme Members, tendered his resignation from the Committee in May 2023.

As a result of Mr Jones's retirement, during the Spring and Summer of 2023 expressions of interest were sought from retired members to fill the vacant co-opted member seat on the Committee. Four expressions of interest were subsequently received, and on 11 August 2023 applicants met with a panel consisting of the Chairman of the Committee, the Assistant Director for Treasury and Pensions and the Democracy and Governance Officer.

This Panel recommended that, based on those meetings, the position of non-voting co-opted member on the Pensions Committee representing Retired Pension Scheme Members be offered to Mrs Elizabeth Staples.

**Resolved: a.** That the appointment of Mrs Elizabeth Staples as the non-voting co-opted member on the Pensions Committee, representing Retired Pension Scheme Members, be approved.

**b.** That Mr Philip Jones be thanked for his efforts on the Pensions Committee.

## **17. Staffordshire Pension Fund Draft Annual Report and Accounts 2022/23**

The Committee was informed that the audit of the Staffordshire Pension Fund's 2022/23 accounts had commenced in June 2023 and the majority of the work was now understood to be complete. However, due to a continuing audit resource issue, a plan to accompany the audit of the 2022/23 accounts would not be available for presentation to Pensions Committee until the meeting arranged to take place in December 2023.

The Committee were informed that for the two previous years financial statements; the 2020/21 Pension Fund accounts were complete and a final Audit Results Report (ISA260) had been received, but as the Fund accounts were included within the County Council's Statement of Accounts, (which were yet to be finalised), they could not be formally signed off. For the 2021/22 Pension Fund accounts, the audit testing work had been completed but the Fund was awaiting a final Audit Results Report (ISA260), there was also the same issue that as the Fund accounts were included within the County Council's Statement of Accounts, (which were yet to be finalised), so they could not be formally signed off.

It was explained that for 2022/23, the Pension Fund would receive the final ISA260 as soon as Ernst and Young (EY) had confirmed their audit was complete, and the County Council's Statement of Accounts were finalised.

After the external audit of the 2022/23 Pension Fund accounts was complete, a final version of the Annual Report and Accounts for 2022/23 would be presented to the Chair of the Pensions Committee for formal sign off, after which it would be published as final on the Pension Fund's website.

**Resolved: a.** That the draft Staffordshire Pension Fund Annual Report and Accounts for 2022/2023 be approved, noting the potential need for minor amendments, pending the conclusion of the external audit of the accounts by EY.

**b.** That once finalised, following completion of the external audit, the final version of the Staffordshire Pension Fund Annual Report and Accounts for 2022/23 be approved and signed off by the Chair, prior to publishing as final on the Staffordshire Pension Fund's website.

**c.** That the continued delayed conclusion of the 2020/21 and 2021/22 external audits of the Staffordshire Pension Fund accounts, be noted.

## **18. Staffordshire Pension Fund - Cyber Security Strategy**

The Committee was reminded that a training session on Cyber Security and Awareness had been provided by Hymans Robertson in November 2022. This defined cyber risk as 'the risk of financial loss, disruption, or damage to the reputation of the Fund or its members resulting from the failure of its IT systems and processes'.

Since this session Fund Officers had developed a proposed "4 pillar" approach to addressing Cyber Security. These were noted as:

1. Assessing – the risks and understanding the Fund's vulnerability
2. Protecting – and safeguarding the Fund
3. Responding – to an incident and how recovery would be dealt with
4. Governance – ensuring the correct documentation and monitoring processes were place.

Fund Officers had developed and continued to refine a Cyber Footprint Register which mapped the Fund's cyber footprint across all internal and external systems accessed or used by the Fund and its suppliers (and potentially third parties) to assess what data flowed through those systems. The controls that were in place around those systems to protect the data were ascertained and the way in which the Fund would respond, in terms of who to contact in the event of an attack was also documented.

Through a risk assessment approach, Officers would determine those suppliers which presented the highest risk to the Fund and would aim to review their cyber security procedures as part of a rolling testing programme. This would involve a questionnaire being sent to the suppliers of those systems to better help officers understand and document the controls in place. It was recognised that assessing cyber resilience would be an ongoing process.

In response to a question asking whether it was possible to trust the responses to the questionnaire, it was confirmed that Fund officers would be working closely with the County Council's Cyber Security Officer to better understand the responses that were received and ensure they were relevant.

As the Fund did not have a Cyber Security Strategy previously, the document attached at Appendix 1 to the report was the first iteration of the document to be produced. It was noted that, as cyber security was a fast moving and ever-changing area, the Strategy would need to be regularly reviewed and developed in response to any wider knowledge and experience gained.

Wider consultation was considered unnecessary as, whilst there would be

some commonality of cyber risks, it was acknowledged that the combination of those cyber risks and the set of circumstances that surrounded them would be unique to Staffordshire Pension Fund and its Cyber Security Strategy.

The Chairman of the Committee thanked the advisors from Hymans Robertson for their early support in helping Fund Officers to better understand wider cyber security issues.

**Resolved:** That the Cyber Security Strategy attached as Appendix 1 to the report, be approved.

## **19. DLUHC Consultation: Next Steps on Investments**

The Committee was informed that, on 11 July 2023, the Department for Levelling Up, Housing and Communities (DLUHC) launched a consultation on LGPS investment reforms.

The consultation sought views on the proposals in five key areas:

### **1. Pooling**

- To revise ISS guidance to include requirements to transfer listed assets to the pool by 31 March 2025
- To revise pooling guidance to set out fully how Funds and pools should interact and promote a model of pooling which includes the characteristics listed in the consultation, including on delegation of manager selection, strategy implementation, advice, governance, transition of assets, new investments outside the pool and reporting.
- To implement a requirement in guidance for administering authorities to have a training policy for pensions committee members and to report against the policy.
- To revise guidance on annual reports to require greater clarity on the progress of pooling including a summary asset allocation (including investment in infrastructure and levelling up), a comparison between actual and strategic asset allocation, and a report of the net savings from pooling.
- For the Scheme Advisory Board to expand their Scheme Annual Report to provide a report on the progress on pooling and on asset allocation across the LGPS.
- To make changes to LGPS official statistics to provide greater transparency on asset allocation and the proportion of assets which have been pooled.

### **2. Levelling Up**

- Requirement for Funds to have a plan to invest up to 5% of assets to support levelling up in the UK, and to report annually

on progress against the plan.

### **3. Private Equity**

- To revise ISS guidance to require Funds to consider such investments to meet the government's ambition of a 10% allocation to private equity in the LGPS.

### **4. Investment Consultants**

- To make it regulatory to implement the requirements set out in an order made by the Competition and Markets Authority (CMA) in respect of the LGPS.

### **5. Definition of Investments**

- To make a technical change to correct an inconsistency in the definition of investment in the LGPS Investment Regulations 2016.

Committee Members were provided with an explanation of the Staffordshire Pension Fund's proposed draft responses to the 15 questions asked by the consultation, on the five areas highlighted above – these responses were attached at Appendix 1 to the report.

It was noted that the consultation would close on 2 October 2023 and Fund Officers invited feedback from Members on the draft consultation response, prior to its submission to DLUHC.

In response to a question from Councillor Spencer asking how much autonomy the Fund had with regards pooling, whether it was an inevitable process or if a hybrid option could be considered, it was explained that this was a direction of travel the Government expected LGPS Funds to go in. However, it was stated that the Staffordshire view was that a level of flexibility should be given to Funds, rather than a dictated set of rules – and this would be emphasised in the response provided as part of the consultation.

The Chairman of the Committee thanked the Fund Officers for developing a full and thorough response to the consultation.

**Resolved:** That the response to the Department for Levelling Up, Housing and Communities (DLUHC) consultation on the next steps on investments for the LGPS in England and Wales, provided in Appendix 1, be approved.

## **20. 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 paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 indicated below.

### **21. Exempt minutes of the meeting held on 30 June 2023**

### **22. Exempt minutes of the Pensions Panel held on 05 September 2023**

### **23. Local Government Pension Scheme Regulations - Admission of New Employers to the Fund (Exemption paragraph 3)**

### **24. LGPS Central Asset Pool Update (Exemption paragraph 3)**

### **25. Joint Committee, Shareholders Forum and LGPS Central Limited AGM Update (Exemption paragraph 3)**

### **26. LGPS Central Limited Update (Exemption paragraph 3)**

**Chair**





**LOCAL PENSIONS BOARD – 15 DECEMBER 2023**

**Report of the Director of Finance**

**STAFFORDSHIRE PENSION FUND RISK REGISTER**

**Recommendations of the Chairman**

1. That the Local Pensions Board ('Board') notes the risks, relating to Funding from the current Staffordshire Pension Fund Risk Register, as presented in Appendix 1.

**Background**

2. At their meeting in June 2023, the Pensions Committee noted the high-level risks identified within the Staffordshire Pension Fund Risk Register. The Committee also asked the Board to continue to undertake a regular detailed review of the risks identified and the process for maintaining the Risk Register, and report back to the Committee on any areas of concern.
3. To assist with their review, the Board requested that one of the four main risk areas (Governance, Funding, Administration, and Investment), be presented to them at each meeting, for their consideration. This was to align with the risk area considered by the Officer working group that quarter.
4. Board members have joined the Assistant Director for Treasury & Pensions and Senior Pensions and Investment Officers, forming the Officer working group, on a quarterly basis. Working through the detail of the individual risks, they collectively determine individual risk scores by considering the potential impact any one risk might have, together with the likelihood of that risk occurring. Members of the Board are invited to continue to attend these working groups if they so wish.
5. At a meeting on 7 November 2023, the Officer working group, together with a member of the Local Pensions Board, reviewed the risk area of Funding. Pre and post control ratings were re-assessed, considering any new controls or sources of assurance. New areas of potential risk were also considered. Post control, Fund Officers believe there are no areas of high risk and eight areas of medium risk.
6. The eight areas of medium risk relate to several things including:
  - i) The procurement of an Actuary - the current contract is due to expire on 30 April 2024, and a tender exercise will be undertaken in 2023/24.
  - ii) Ensuring contribution rates are appropriate and affordable for each employer – the current economic environment will lead to competing demands on employers' budgets.
  - iii) Employer funding monitoring – the volatility within the current economic environment can have a major impact on an employer's funding level in relatively short spaces of time.

7. The full list of the current Funding risks is presented in Appendix 1 for the Board to discuss and / or note at today's meeting.

**Rob Salmon**  
**Director of Finance**

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Contact: Melanie Stokes  
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**Equalities implications:** There are no direct implications arising from this report.

**Legal implications:** There are no direct legal implications arising from this report.

**Resource and Value for money implications:** The main resource implications have not been explicitly assessed but arise directly from either any mitigating actions or from the impact of the risk identified.

**Risk implications:** The main topic of this report is risk assessment and management.

**Climate Change implications:** There are no direct implications arising from this report.

**Health impact assessment screening:** There are no direct implications arising from this report.

Funding Objective		High Level Risk	Detailed Risk	Impact	Likelihood	Pre-control Risk Score	Controls	Source of Assurance	Impact	Likelihood	Post-control Risk Score	Review Date	Change Description	Outcome of Review /Changes made	Owner
3.1 To ensure the Fund has sufficient money to meet its financial commitments in the short term	3.1 Failure to ensure the Fund has sufficient money to meet its payment commitments including benefits, transfers, and investment decisions in the short term	Failure to plan and monitor cash flows daily /monthly /quarterly or to take account of significant regular income/payments or the impact of investment decisions.	4	3	12	Plan and monitor cash flows daily /monthly /quarterly (SAA) including regular benefit outflows and the impact of investment decisions	Cash forecast exists, Cash flows are monitored, Short term borrowing available if required, Pension fund is assessed on a going concern basis (plus EY).	4	2	8	ongoing		Inflation scenario analyses to be considered		TB
		Failure to report cash forecast to Pensions Panel quarterly	2	3	6	Cash forecast reported to the Pensions Panel quarterly	Pension Panel report	2	2	4	Quarterly				TB
		Failure to have appropriate treasury management annual investment strategy approved by the Pensions Panel annually, with due regard to the balance between security, liquidity and yield	4	3	12	Appropriate treasury management strategy with due regard to the balance between security, liquidity and yield approved, also within the ISS cash management strategy.	Treasury Management Strategy report to Pension Panel, Audit	3	2	6	Annual				TB
		Failure to implement the treasury management strategy or to monitor and review implementation	4	3	12	Treasury management staff are qualified, aware of the strategy, operate with the prescribed limits and are appropriately trained (CPD)	Implementation reviewed regularly by the Treasury Management Panel, Audit, Treasury Management adviser.	3	2	6	Ongoing				TB
		Failure to consider the forecast cash flow position of the scheme from the valuation and whether the scheme is cash flow positive in the medium term	4	3	12	Review cash flows from Actuarial valuation and Strategic Asset Allocation, monitor whether scheme is cash flow positive in the medium term (3-5 years)	Actuarial valuation report to Pensions Committee, Pensions Board, ISS, FSS, Annual Accounts, Audit going concern assessment, SAA review (3yrs, Quarterly).	3	2	6	Triennial			Inflation scenario analyses to be considered	MS
		LGPS regulation changes in relation to exit cap, fair deal, McCloud, Goodwin Case and cost cap. Processing and funding issues (see duplicated on Admin tab)	3	5	15	Factored in actuarial valuation	Minimal impact on funding levels, measured through Actuarial valuation, HEAT, FSS, LGA, Scheme advisory board, Hymans advice.	2	4	8	ongoing			Review and monitor legislative changes	MS/LM/SJ
		Failure to ensure that all monies received or due are accurately and completely recorded including; Employer contributions, employee basic and additional contributions, transfers paid in or out and pension benefits paid.	4	3	12	Internal contribution control and financial systems. Actuarial data checks Scheme of delegation, record keeping checks, actuarial calculation	Audit, valuation, IAS19/FRS102 reporting Actuarial certification, Club vita reports, Breaches log, HEAT	4	2	8				Treasury & Pension will be taking on the income allocation for the Fund	LM
3.2 To ensure the solvency of the scheme i.e. to ensure the Fund has sufficient money to meet its benefit outflow (minimum 100% funded in long term)	3.2 Failure to ensure the solvency of the Fund i.e. to ensure it has sufficient money to meet its benefit outflow in the long term (minimum 100% funded in long term)	Failure to procure an Actuary to carry out an independent valuation of the Fund in accordance with regulations	5	3	15	Regulatory requirement to appoint an independent actuary and to carry out an actuarial valuation every 3 years.	Actuarial report produced by independent actuary, Pension Board, GAD. Current Actuary appointed until 2024.	4	3	12	Triennial		Increased risk due to immanent procurement		MS
		Failure to target 100% funding in the long term	5	2	10	Stochastic modelling of outcomes gives an acceptable chance of 100% funding in the long term	No issues identified by GAD in respect of actuarial or investment assumptions under their Section 13 analysis	3	2	6	Triennial				MS
		Failure to identify the extent to which assumptions for demography, pay, inflation or investment returns (including the impact of climate change) explain any funding deficit arising from the previous valuation and to consider whether the assumptions for the current valuation are prudent	4	3	12	Valuation assumptions are prudent. An assumptions paper was received from the Actuary for the 2022 Valuation, this compared the 2022 assumptions with those used in the 2019 Valuation.	No issues identified by GAD in respect of actuarial or investment assumptions under their Section 13 analysis, Pension Board. Club Vita. Actuarial assumptions paper presented to Pensions Committee.	4	2	8	Triennial				MS

3.3 To ensure the long term cost efficiency of the scheme	3.3 Failure to set contribution rates that ensure the long term cost efficiency of the scheme	Failure to monitor the funding position during inter valuation period and to report to Pension Committee including changes in liabilities	4	3	12	Use of Hyman's Funding Risk Management tool to monitor funding position at total Fund and individual Employer level during the inter valuation period. Actuary statement in Annual Accounts.	Report to Committee, Pension Board, Pension Fund Annual Accounts, External Audit. HEAT will provide current asset information, liabilities changes will be unknown, GAD, Access to Hymans online FRM tool and internal covenant monitoring svstem.	4	3	12	Annual	Monitor effect of inflation on liabilities and cash flow. Consider reporting additional information to committee i.e. funding level, membership numbers "dashboard"	Increased risk due current inflationary environment, market volatility.	MS	
		Failure to keep HEAT reporting up to date and use for reporting.	4	2	8	Resource accordingly, continue to work with Hymans to ensure appropriate data capture	Hymans ongoing data checks and comparison against valuation and employer data submissions	2	2	4	May-24			LM	
		Failure to have an awareness of the impact in reductions in payroll (active members) do not affect the balance of contributions split between primary and secondary payments. Contributions rates set at valuation remain sufficient to cover all past and future service liabilities.	4	3	12	Ensure that significant changes in staffing levels do not result in less income from contributions. Fund could request contribution rate review under FSS	Funding Strategy explicitly addresses the split of contribution rates into percentage of payroll and cash component parts where there is a risk of significant staff reductions. Greater use of Heat, Covenant monitoring, Hymans online FRM	2	2	4	Triennial		Greater use of reporting from HEAT / I-connect will provide information on falling payrolls. Need to understand data we can collect form our various systems and create a Fund Dashboard.		MS
		Failure to ensure that contribution rates modelled by the Actuary are such as to achieve the long term cost efficiency of the scheme	4	4	16	Actuary is procured who carry out Stochastic modelling of outcomes demonstrates Consistent or improved funding outcome from the valuation. Any exceptions are clearly documented – e.g. specific deals with individual bodies where for example affordability may conflict with long term cost efficiencv	No issues identified by GAD in respect of contribution rate assumptions under their Section 13 analysis, Central government cost cap reviews, SAB annual LGPS report, outcome of current and previous valuation reports.	3	2	6	Triennial		McCloud and Goodwin ruling outstanding (expected to be minimal at a total fund level) factored into 2022 valuation.		MS
		Failure to document in the Funding Strategy Statement the basis on which the long term cost efficiency of the scheme will be achieved or to identify any exceptions	4	3	12	Actuary certified funding strategy is in place following the Triennial valuation, Funding Strategy is consulted on before implementation.	Funding Strategy Statement is up to date and reflects current practice and legislative change, Pension Board, Pensions Committee.	4	2	8	Triennial				MS
		Failure to use "smoothing methodology" such as stabilisation mechanism to set contribution rates that are relatively stable to ensure the delivery of local services is not unnecessarily disrupted by significant changes in contribution rates	4	4	16	Use stabilisation models which take into account changes in assumptions to smooth out changes in contribution rates (stabilisation)	Consultation responses on Funding Strategy; meetings with employers; Central government/Tax payer underpin	4	3	12	Triennial		Reviewing stabilisation for Academies ahead of 2025 Valuation		MS
		Failure to have an investment strategy designed to keep contribution rates affordable (e.g. invested substantially in growth assets)	4	4	16	Investment Strategy designed to keep contributions affordable (subject to return on assets matching actuarial assumptions). Actuary's modelling of funding strategy and investment strategy (ALM) in tandem for 2022 valuation.	Strategic Asset Allocation documented in ISS and monitored quarterly by Pensions Panel, Investment consultant, Funding Strategy Statement and actuarial valuation report.	4	3	12	Annual				MS, Panel
		Failure to consult with employing bodies on the Funding Strategy	3	3	9	Consultation with Employing bodies	Responses from employers to consultation on Funding	2	2	4	Triennial				MS/LM
		Failure to inform employing bodies fully so that they understand the outcome of the valuation	3	3	9	Formal consultation with Employing bodies in place (Employers Pensions AGM, Practitioners meetings, communications etc.)	Responses to valuation outcome, Employers Forum and responses to consultation, opportunity to discuss with scheme actuary and concerns.	3	2	6	Triennial				MS/LM

3.6 To ensure that the existing and prospective liabilities arising from circumstances unique to different scheme employers are taken into account by the Actuary	3.6 Failure to identify, monitor and reflect the unique characteristics of employer's liabilities for example maturity in setting contribution rates including those employing bodies getting close to having no active members	Failure to reflect the unique characteristics of each employer by keeping complete and accurate data for each employing body	4	4	16	Monitor data to ensure Actuary receives accurate scheme data, Hymans portal Data integrity checks	Reports produced for the pensions regulator, Actuarial statement of data quality and club VITA report, Acceptable Audit reports, HEAT, Heywood's data cleansing report, Hymans Data Portal, insights, I connect gives monthly updates Outcome and consistency of valuation reports, HEAT, inter valuation contribution rates reviews now allowed under regulation, covenant monitoring will help.	3	4	12	Dec-23	I Connect, increased regulator compliance reporting and HEAT should increase visibility. McCloud increases risk of incorrect data, due to overwriting data.	MS/LM
3.7 To ensure the Fund is protected from any employer failing to meet its liabilities to the Fund	3.7 Failure to protect the Fund from an employer failing to pay any amounts due including contributions or cessation payments	Failure to identify employers that may be close to having no active members	3	4	12	Valuation identifies employers close to having no actives, employer profiling system.	Annual review of employer covenants, Actuary, triennial valuation, employer profiling report. DfE guarantee for Academies Valuation risk analysis as documented in the Funding Strategy Statement, Pension Board. Active member numbers reviewed annually, HEAT, FRS102, contributions control system	3	3	9	Annual (following year end closure)	Employer profiling system also assist in identification. Create pensions Dashboard, and understand flagging mechanism	MS/LM
3.7 To ensure the Fund is protected from any employer failing to meet its liabilities to the Fund	3.7 Failure to protect the Fund from an employer failing to pay any amounts due including contributions or cessation payments	Failure to identify significant risk of financial failure and to adjust the outcome of the valuation accordingly	4	3	12	Financial covenant reviews Hymans FRM	Covenant review process in place for higher risk employers.	4	2	8	Annual	Monitoring process being established, number of high risk employers have reduced.	MS
3.7 To ensure the Fund is protected from any employer failing to meet its liabilities to the Fund	3.7 Failure to protect the Fund from an employer failing to pay any amounts due including contributions or cessation payments	In those cases where there is a risk of financial failure, failure to ensure the provision of alternative security with appropriate legal safeguards	4	3	12	Providing alternative security e.g. property	Case by case basis documented in agreements, Intra valuation contribution rate reviews. number of high risk employers has reduced. NB DfE guarantee to Colleges, TBC.	3	3	As required, security suitability and amounts to be reviewed annually		Employer profiling system also assist in identification. Create pensions Dashboard, and understand flagging mechanism	MS
3.7 To ensure the Fund is protected from any employer failing to meet its liabilities to the Fund	3.7 Failure to protect the Fund from an employer failing to pay any amounts due including contributions or cessation payments	Failure to include a bond or guarantee in admission agreements for admitted bodies	3	4	12	Bonds/Guarantees in admission agreements	Standard Admission agreements can include requirements for bonds/guarantees (pass through/ stand alone)	3	4	12	Contract anniversary	Although new admission agreements on pass through basis to mitigate this risk, no certainty over DfE/ESFA guarantee extension to contractors. Covenant monitoring process to consider guarantors for risky employers, check categorisation in actuary valuation. Outcome of review from DfE was a guarantee for Academy pass through	MS
3.7 To ensure the Fund is protected from any employer failing to meet its liabilities to the Fund	3.7 Failure to protect the Fund from an employer failing to pay any amounts due including contributions or cessation payments	Failure to take account of employer characteristics including funding and maturity measures in setting contribution rates	4	4	16	The Actuary takes account of employer characteristics as part of the valuation process. The fund monitors contracts and ongoing funding positions.		3	4	12	Dec-23	I Connect, increased regulator compliance reporting. Current market volatility increases swings in funding positions and needs to be kept under review.	MS/LM
3.7 To ensure the Fund is protected from any employer failing to meet its liabilities to the Fund	3.7 Failure to protect the Fund from an employer failing to pay any amounts due including contributions or cessation payments	Failure to protect the Fund and scheme employers from excess repayments of funding surpluses following the cessation of contractor admission agreements, (in accordance with changes to the LGPS regulations from May 2018). There is a risk that contractors will attempt to exit contracts early in order to access surplus payments	3	4	12	Regular funding reviews with appropriate revisions to employer contribution rates, Exit credit policy and discretions, FSS, Passthrough is now the default option for contractor admission agreements.	Regular actuarial reporting, results of fund valuations, currency of Funding Strategy Statement. Monitoring of contract end dates	3	2	6	Dec-23		MS
3.7 To ensure the Fund is protected from any employer failing to meet its liabilities to the Fund	3.7 Failure to protect the Fund from an employer failing to pay any amounts due including contributions or cessation payments	Failure to have a Covenant Monitoring process in place to take into account the long term financial stability of employers of the fund.	4	3	12	Online FRM in place, employer profiling system developed.	Annual review of employer covenants, Actuary, triennial valuation, employer profiling report. DfE guarantee for Academies Valuation risk analysis as documented in the Funding Strategy Statement, Pension Board. Active member numbers reviewed annually, HEAT, FRS102, contributions control system	4	3	12	Dec-23	Process in place and number of high risk employers has reduced. NB DfE guarantee to Colleges, TBC.	MS/LM

		Failure to monitor the existence of bonds/guarantees held in accordance with admission agreements	4	3	12	Diarised review system, employer spreadsheet.	Sign off of review, Employer events control. 2022 valuation results indicate more favourable position.	4	2	8	Annual	Following annual review, further consideration of any development required. Reduced due to reduction in number of high risk employers.	MS
		Failure of Administering authority to commission the fund actuary to carry out a termination valuation for a departing admission body	4	3	12	Cessation valuations carried out whenever an employing body leaves the fund , employer control spreadsheet, employer profiling system. Online funding portal. Cessation Policy in FSS. Fund's published Exit Credit Policv.	Cessation valuation completed by Actuary and documented also documented in valuation report, HEAT will provide an early warning. Appropriate Legal advice.	4	2	8	As required		MS
<b>3.8 To ensure ceding employers are protected from transfers</b>	<b>3.8 Failure to protect the Fund from inappropriate transfer of assets as part of bulk transfers</b>	Failure of the Funding Strategy to address how bulk transfers are to be carried out and to ensure that liabilities remaining with ceding employers are funded appropriately	4	3	12	FSS includes appropriate policy on transfers out, taking account of the existing funding level and amend transfer values accordingly (actuary calculated)	Documented in appendix to the Funding Strategy Statement	4	2	8	FSS reviewed at triennial valuation outcome		MS
<b>3.9 To ensure the impact of climate change is taken into account on the Funding Strategy</b>	<b>3.9 Failure To ensure the impact of climate change is taken into account on the Funding Strategy</b>	Need to ensure the Actuary considers the impact of climate change in reviewing the Funding Strategy	2	2	4	Actuary models different climate change scenarios, and any potential impact on the funding strategy as part of the actuarial valuation	Actuarial Formal Valuation Report	2	2	4			MS
<b>3.10 To ensure that the Strategic Investment Strategy meets the actuarial assumptions</b>	<b>3.10 Failure to ensure the Strategic Investment Strategy matches the Actuarial assumptions to achieve full funding in the long term</b>	Need to take into account impact of climate change on funding strategy			0	SEE SEPARATE INVESTMENT SECTION	Strategic Asset Allocation review carried out as part of ALM prior to Actuarial Valuation.			0			MS

**PENSIONS BOARD – 15 DECEMBER 2023**

**Report of the Chair of the Pensions Board**

**APPOINTMENT OF PENSIONS BOARD MEMBERS &  
STAFFORDSHIRE LOCAL PENSIONS BOARD CONSTITUTION**

**Recommendation**

1. That the Pensions Board approves the appointment of Becky Smeathers to the Board, as a Scheme Member Representative, to represent the Employers of the Staffordshire Pension Fund.
2. That the Pension Board notes the changes made to the Pension Board Constitution and Appointment Process as approved by the Pensions Committee at their meeting on 15 December 2023.

**Recruitment and Appointment Process**

3. In November 2023, nominations were sought by the Staffordshire Chief Finance Officers Group (SCFOG) for a Scheme Employer representative and one such nomination was received.
  - Becky Smeathers - Executive Director of Finance and S151 Officer at Tamworth Borough Council.
4. Becky was invited to meet with the Scheme Manager and Chair of the Board, so that the role and responsibilities of a Board Member could be discussed, together with Becky's relevant skills and experience. As a previous member of another local LGPS Pensions Board, Becky had a clear understanding of the Board remit and had also undertaken training in line with the CIPFA Knowledge and Skills Framework requirement.
5. Following this meeting, Becky was offered the position on the Board for a four-year term until 2027 and has accepted (subject to the Board's approval).
6. A copy of the updated membership list can be found at Appendix 1 of the report.

**For information - Amendment to the Pension Board Constitution**

7. The Staffordshire Local Pensions Board currently has six membership positions available - three representing scheme employers, and three representing scheme employees. The Board Constitution states that

one of the scheme employer representatives must be an Elected Local Authority Member and one scheme employee representative must be a Trade Union representative.

8. The Board will be aware of the difficulties experienced throughout 2022 and 2023, in finding suitable nominations to appoint Board Member representatives. For some time now, the Scheme Manager has attempted to appoint both an Elected Member and a Trade Union representative to the Local Pensions Board, without success.
9. Following a discussion at the September Board meeting, it was proposed that the Scheme Manager consider reducing the number of members on the Local Pensions Board from six to four and in doing so remove the specific stipulation from the Local Pensions Board Constitution that the Local Pensions Board membership must specifically include an Elected Local Authority Member and a Trade Union representative.
10. To be clear this does not mean that Elected Local Authority Members or Trade Union representatives cannot become members of the Local Pensions Board, it simply removes the stipulation that there must be two such representatives. This will allow for more flexibility moving forward.
11. Trade Unions were informed of the proposal on Wednesday 18 October 2023 and asked for any comments by Thursday 30 November 2023. One response, from Unison, stated an appreciation of the issue and given they had no suitable candidate to put forward, confirmed that as a result, there was no objection to the proposal. This, together with the lack of a response from the other Unions, further strengthens the argument that amendments to the make-up of the Board are needed.
12. Whilst this process was carried out the opportunity was also taken to make some amendments to the "Member Appointment Process" included within the Pensions Board Constitution, to ensure it remains consistent with current appointment practices.
13. The appointment process included in the current constitution focusses on the selection process undertaken when the Pensions Board was originally established. Whilst it also includes additional steps that concentrate on the recruitment of replacement Board members, the process no longer needs to consider the appointment of an original Board, and the proposed amendments means the process focusses on the appointment of replacement Board members only.



14. The current appointment process also includes the involvement of the Pensions Forum as a nominating body. The Pensions Forum no longer exists in its original guise and is therefore no longer able to carry out this function.
15. The proposed appointment process is tried and tested as it follows the same appointment procedure that is implemented when co-opted members are recruited to the Pensions Committee.
16. An opportunity was also taken to bring the document in line with current Pension Fund logo and brand guidelines.
17. The request to amend the make-up of the Pensions Board and subsequent amendment to the Pensions Board Constitution was submitted to the Pensions Committee at its meeting held on Friday 15 December 2023 for approval.
18. An updated copy of the Constitution can be found at Appendix 2 to the report.

**Rob Birch**  
**Chair of the Staffordshire Pensions Board**

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Contact                      Chantelle Denham  
Telephone No.              (01785) 276150

**Equalities implications:** There are no direct equality implications arising from this report.

**Legal implications:** The legal implications are covered in the body of the report.

**Resource and Value for money implications:** There are no direct resource and value for money implications arising from this report.

**Risk implications:** There are no risk implications arising from this report.

**Climate Change implications:** There are no direct climate change implications arising from this report.

**Health Impact Assessment screening** – There are no health impact assessment implications arising from this report.



## Appendix 1

### Schedule of Board Members for 2023/24

Name	Date Appointed	Status	Term end	Appointment process
John Mayhew	September 2021	Scheme Member Representative (Active member)	2025	Appointed by the Administering Authority following discussions with Staffordshire Chief Finance Officers Group (SCFOG)
Robert Birch (Chair)	September 2019 Extended to 2024	Scheme Member Representative (Active member)	2024	Appointed by the Administering Authority following public advert seeking expressions of interest. Term extended for one year by Scheme Manager
Corrina Bradley (Vice Chair)	March 2021	Employer Representative Officer of a Scheme Employer	2025	Appointed by the Administering Authority following a proposal from SCFOG
Becky Smeathers	November 2023	Employer Representative Officer of a Scheme Employer	2027	Appointed by the Administering Authority following a proposal from SCFOG



# Staffordshire Pension Fund Pensions Board

## Constitution

December 2023



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## Purpose & Role

- 1.1. 1.1 This is the governing document for the Staffordshire Pension Fund, Pension Board.
- 1.2. The role of the Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to:
  - 1.2.1. Assist the Administering Authority, as Scheme Manager;
    - 1.2.1.1. to secure compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS;
    - 1.2.1.2. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator including but not limited to the regulatory strategy of public service pension schemes (as amended);
    - 1.2.1.3. in such other matters as the LGPS regulations may specify.
  - 1.2.2. Secure the effective and efficient governance and administration, including funding and investments of the LGPS for the Staffordshire Pension Fund.
  - 1.2.3. Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
  - 1.2.4. Help ensure that the Staffordshire Pension Fund is managed and administered effectively and efficiently in terms of administration and governance including investments and funding and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator.
- 1.3. The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

## 2. Definitions

2.1. The following terms and expressions shall have the following meanings:

Term	Definition
“Administering Authority”	means Staffordshire County Council as administrator of the Staffordshire Pension Fund;
“Annual Report”	Means the report to be compiled and provided by the Pension Board in accordance with clause 13.6
“Code of Practice”	means the Pensions Regulator’s code of practice number 14 for the governance and administration of public service pension schemes as amended;
“Conflict of Interest”	as defined in section 5 of the Public Service Pensions Act 2013 as a financial or other interest which is likely to prejudice the persons exercise of functions as a member of the Pension Board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme);
“Employer Representative(s)”	means a person appointed to represent the interests of the employers in the pension scheme who must meet the requirements of this Constitution and more specifically clause 5;



“LGPS Regulations”	the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 as amended;
“member”	means a member of the Pension Board for the purposes of this Constitution;
“Monitoring Officer”	means the officer of the Scheme Manager as required under section 5 of the Local Government and Housing Act 1989 as amended by schedule 5 para 24 of the Local Government Act 2000;
“Pension Board”	means the local Pension Board for the Administering Authority as required under the Public Service Pensions Act 2013;
“Pension Committee”	means the committee constituted with full delegation from the Scheme Manager to act on behalf of the Scheme Manager in relation to the Staffordshire Pension Fund;
“Pension Fund”	means the Staffordshire Local Government Pension Fund;
“Pensions Panel”	means the panel constituted with full delegation from the Scheme Manager to act on behalf of the Scheme Manager in relation to the Staffordshire Pension Fund;
“Regulations”	means the Part 3 (Governance) of the Local Government Pension Scheme Regulations 2013 as amended by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015;
“role specification”	means the required skills and standards which relate to the role of a Pension Board member and more specifically described in <a href="#">Appendix 1</a> ;
“Scheme Employer”	means a body listed in Schedule 2 of the LGPS Regulations 2013 employing an employee who is eligible to be a member of the Staffordshire Pension Fund and includes an admission body;
“Scheme Manager”	means Staffordshire County Council as Administering Authority of the Staffordshire Pension Fund from whom delegated powers have been provided to the Director of Finance and the Head of Treasury and Pensions, employed by Staffordshire County Council;
“Scheme Member(s) Representative”	means a person who will represent the interest of the pension scheme members who must meet the requirements of this Constitution and more specifically clause 5;
“section 151 officer”	means under Section 151 of the Local Government Act 1972 an officer the Administering Authority is required to have who has a statutory responsibility to ensure the proper arrangement of the authorities financial affairs.

### 3. Powers of the Pension Board

- 3.1 Where any breach of legislation or duties is committed or is alleged to have been committed by the Pension Committee, the Pension Board shall;
- 3.1.1 Within 1 month of the possible breach, meet with the Committee Chair (supported by the section 151 officer) to discuss the breach;
- 3.1.2 Ask the Committee Chair to explain the actions taken and provide evidence of the legitimacy of the actions taken;

- 3.1.3 Consider the matter on the facts available and evidence provided by the Committee Chair and shall;
  - 3.1.3.1 Refer it back to the Committee to consider afresh and correct any areas of concern/or breaches of duty; or
  - 3.1.3.2 Determine that no breach of duty has taken place.
- 3.2 If under clause 3.1 above it is decided that a breach has occurred, the Pension Board shall (as required by the Code of Practice and the Pensions Act 2004);
  - 3.2.1 report the breach to the Scheme manager and take prompt and effective action to investigate and correct the breach and its causes and, where appropriate, notify any affected members; or
  - 3.2.2 where prompt and effective action to remedy the breach has not been taken and/or where scheme members have not been informed when they should have been, report the breach as a breach of material significance to the Pensions Regulator.
- 3.3 As per Regulation 106 (7) and subject to the terms in this Constitution, the Pension Board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

#### **4. Scheme Manager Consents**

- 4.1 The Pension Board shall not:
  - 4.1.1 replace the Scheme Manager or make decisions which are the responsibility of the Scheme Manager;
  - 4.1.2 amend the statements, strategies and reports prepared in compliance with sections 57 to 61 of the LGPS Regulations 2013;
  - 4.1.3 consider or become involved in any internal dispute resolution appeals or the process itself;
  - 4.1.4 enter into contracts on behalf of the Administering Authority;
  - 4.1.5 dismiss any members of the Pension Committee or Pensions Panel;
  - 4.1.6 use the Pension Board to act on behalf of a particular constituency or Pension Fund member in general or in relation to a specific complaint at any time;
  - 4.1.7 compromise the Pension Committee's ability to comply with its fiduciary duty to the Pension Fund and its members and employers.
- 4.2 The Pension Board must seek written consent from the Scheme Manager before it:
  - 4.2.1 instructs the Pension Fund actuary to provide a report of any kind;
  - 4.2.2 request any external advisor to attend a meeting of the Pension Board which shall require remuneration of any level;
  - 4.2.3 incurs a cost to the Pension Fund;
  - 4.2.4 can amend this Constitution.
- 4.3 All members of the Pension Board shall be entitled to attend Pension Committee and Pensions Panel meetings including during any item covered by exempt/confidential information procedures under the Local Government Act 1972 (as amended) or represent data covered by the Data Protection Act 1998.

- 4.4 All members of the Pension Board shall be given access to all Pension Committee and Pensions Panel papers including any items covered by exempt/confidential information procedures under the Local Government Act 1972 (as amended) or represent data covered by the Data Protection Act 1998.
- 4.5 Insofar as it relates to the role of the Pension Board, it may also:
  - 4.5.1 request and receive information and reports from the Pensions Committee, Pensions Panel or any other body or officer responsible for the management of the Fund,
  - 4.5.2 examine decisions made or actions taken by the Pensions Committee, Pensions Panel or any other body or officer responsible for the management of the Fund.
- 4.6 Any further requests for information and advice are subject to the approval of the Scheme Manager, who will be required to consider positively all reasonable requests in relation to the role of the Pension Board whilst being mindful of value for money.

## 5. Membership

- 5.1 During the existence of the Pension Board, the membership shall contain a maximum of four members, which shall consist of:
  - 5.1.1 Two Employer Representatives;
  - 5.1.2 Two Scheme Member Representatives.
- 5.2 Scheme Member Representatives and Employer Representatives shall be appointed in equal number at all times.
- 5.3 Members of the Pension Board shall be appointed via the appointment process set out in [Appendix 2](#).
- 5.4 Upon receipt of written approval from the Scheme Manager, the Pension Board may appoint a non-voting independent advisor to the Pension Board.

### ***Employer Representatives***

- 5.5 The two Employer Representatives can consist of elected local authority councillors or officers of a Scheme Employer, who are active members of the Pension Fund.
- 5.6 The specific conditions for Employer Representatives are;
  - 5.6.1 They cannot be a member of the Pension Board if they are responsible for the discharge of any function of the Administering Authority under the LGPS Regulations 2013;
  - 5.6.2 They can be a senior officer of a Scheme Employer;
  - 5.6.3 They must have capacity to represent employers in addition to holding the required level of knowledge and skill as set out in this Constitution;
  - 5.6.4 They must not have a Conflict of Interest;
  - 5.6.5 They must adhere to all relevant policies and codes of conduct of the Scheme Manager in addition to this Constitution at all times during their tenure;
  - 5.6.6 They cannot also be a member of the Pension Committee, or Pensions Panel in a non-voting capacity;

5.6.7 They cannot be an elected member of the Administering Authority.

### ***Scheme Member Representatives***

5.7 The Scheme Member Representatives can consist of Trade Union representatives, active, deferred or pensioner members of the Pension Fund

5.8 The conditions for Scheme Member Representatives are:

5.8.1 They must have capacity to represent members in addition to holding the required level of knowledge and skill as set out in this Constitution;

5.8.2 They must not have a Conflict of Interest;

5.8.3 They must adhere to all relevant policies and codes of conduct of the Scheme Manager in addition to this Constitution at all times during their tenure;

5.8.4 They cannot also be a member of the Pension Committee, or Pensions Panel in a non-voting capacity.

5.8.5 They cannot be a member of the Pension Board if they are responsible for the discharge of any function of the Administering Authority under the LGPS Regulations 2013.

### ***Chair and Vice Chair***

5.9 The Chair and Vice Chair of the Pension Board shall be appointed by majority vote of the Pension Board members in a general meeting.

### ***Role of the Chair***

5.10 It will be the role of the Chair to;

5.10.1 ensure the rules of this Constitution are followed at all times

5.10.2 ensure that all members of the Pension Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met;

5.10.3 ensure that only decisions within the powers of the Pension Board are made;

5.10.4 instruct the Pension Board members to consider relevant matters only and to disregard irrelevant matters.

5.11 The decision of the Chair on all points of procedure and order and the Chair's interpretation of any terms of this Constitution shall be final.

5.12 The Chair and Vice Chair shall be appointed for a term to be agreed by the Pension Board members and the appointed person will be entitled to seek reappointment for no more than one further term which is equal to the duration of their first term.

5.13 The Chair or Vice Chair can be removed from office for any reason, by the Scheme Manager, with or without notice.

5.14 In the event that the Chair cannot attend a Pension Board meeting due to illness or emergency, the Vice Chair will carry out the role of Chair for that particular meeting.

### ***Term and Attendance of Pension Board Members***

- 5.15 Pension Board members shall serve for a four year term.
- 5.16 The Scheme Manager has discretion to extend any member's term of office for up to 12 months in order to ensure continuity of experience and knowledge of Pension Board members.
- 5.17 Each Pension Board member shall endeavour to attend all Pension Board meetings during their term.
- 5.18 No Pension Board member may send a substitute to a Pension Board meeting.

### ***Subcommittees***

- 5.19 The Pension Board may create subcommittees with members of the Pension Board to complete particular and specific tasks that are required by the Pension Board from time to time.
- 5.20 Subcommittee members must have the requisite skills and knowledge to carry out and complete the task that the subcommittee was created for.
- 5.21 Such subcommittees must complete the specific task within a reasonable time period however this shall not be longer than 6 months.
- 5.22 The Chair can disband any subcommittee for any reason and with immediate effect.

## **6. Resignation and Dismissal from the Pension Board**

- 6.1 Any member may resign from the Pension Board by giving six (6) month's written notice to the Chair.
- 6.2 The Scheme Manager shall have absolute discretion to remove any member with notice or with immediate effect.
- 6.3 The termination of a member's involvement under clause 6.2, where notice is given, shall take effect one month after the decision has been made. (Except in cases where the dismissal is due to the member no longer meeting the required standard of knowledge and capacity.)
- 6.4 Termination of a Pension Board member shall not;
  - 6.4.1 where the member is an officer of a Scheme Employer, affect that employment (unless specifically stated otherwise); or
  - 6.4.2 where the member is an elected member of a Scheme Employer, affect that position as a Councillor for the relevant authority (unless specifically stated otherwise).
- 6.5 The office of a member shall be vacated if:
  - 6.5.1 he becomes prohibited by law from being a member; or
  - 6.5.2 he is appointed to a position in which he is responsible for the discharge of any function under the LGPS Regulations 2013; or
  - 6.5.3 he becomes incapable due to mental or physical incapacity or death; or
  - 6.5.4 he resigns his office by notice to the Pension Board under clause 6.1; or
  - 6.5.5 he shall for more than six consecutive months have been absent without permission of the Pension Board from meetings held during that period; or

- 6.5.6 if he ceases to be an elected Councillor for a local authority on behalf of whom he acts as a representative; or
  - 6.5.7 if he ceases to be employed by the body on behalf of whom he acts as representative;
  - 6.5.8 as a result of a complaint which is substantiated after completion of an investigation by the Scheme Manager;
  - 6.5.9 as a result a breach of, or an offence committed under the Scheme Manager's Members' code of conduct, created in accordance with chapter 7 of the Localism Act 2011 and they are removed from their position of elected member; or
  - 6.5.10 as a result of a failure to meet the requirements of clause 11.
- 6.6 For the avoidance of doubt, where a member is an employee of a Scheme Employer or trade union and they resign, or retire or are dismissed from their employment, this will result in their removal from the Pension Board.
- 6.7 For the avoidance of doubt, where a member is an elected councillor and they are not re-elected, or they retire or they are removed from their post, this will result in their removal from the Pension Board.

## **7. Quorum**

- 7.1 The Pension Board shall have a formal quorum of two, which must consist of one Scheme Member Representative and one Employer Representative.
- 7.2 A meeting that is (or becomes at any point) not quorate will cease immediately.

## **8. Conflicts of Interest**

- 8.1 Further to the Regulations, the Scheme Manager shall not appoint as a member, a person who has an existing conflict of interest.
- 8.2 For the avoidance of doubt, being a member of the LGPS is not a conflict of interest.
- 8.3 Where a member becomes conflicted during their appointment, they shall inform the Scheme Manager without delay and either;
  - 8.3.1 they will withdraw from the particular meeting; or
  - 8.3.2 the conflict will be reviewed by a select committee created just for this purpose, to determine whether the conflict requires withdrawal or resignation; or
  - 8.3.3 where the conflict is considered to be so significant, their tenure shall end with immediate effect.
- 8.4 Where a member has been removed from the Pension Board under this clause 8, they will be entitled to be reappointed once the conflict has been resolved.
- 8.5 Such reappointment shall be made by the Pension Board, only where written approval from the Scheme Manager (advised by the Monitoring Officer) has been provided.
- 8.6 Each member of the Pension Board (as well as any other attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of that Pension Board.

- 8.7 Each member of the Pension Board, or a person proposed to be appointed to the Board, (as well as attendees participating in the meeting) must provide the Scheme Manager with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

## **9. Pension Board Review Process and Publicity**

- 9.1 The annual review shall be published on the Staffordshire Pension Fund Website and made available in hard copy upon request.
- 9.2 The minutes of Pension Board meetings shall be published on the Staffordshire Pension Fund Website and made available in hard copy upon request.

## **10. Advisers to the Pension Board**

- 10.1 The Pension Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation in force from time to time, consult with such advisers on such terms as it shall see fit to help better perform its duties.
- 10.2 Appropriate advisers shall include but not be limited to:
- 10.2.1 The Fund's Actuary;
  - 10.2.2 The Fund's Legal Adviser;
  - 10.2.3 The Fund's Investment Adviser(s);
  - 10.2.4 The Fund Manager;
  - 10.2.5 The Fund's Strategic Investment Manager
  - 10.2.6 Other external advisers, so approved by the Scheme Manager.
- 10.3 At all times legal advice provided to the Pension Board will be considered to be legally privileged and confidential unless declared otherwise by the minutes of the meeting in which the advice was given.

## **11. Knowledge, Skills and Training**

- 11.1 A member of the Pension Board must have knowledge and understanding of and be fully familiar with:
- 11.1.1 the rules of the LGPS, and
  - 11.1.2 any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
  - 11.1.3 the law relating to pensions, and
  - 11.1.4 such other matters as may be prescribed under the Pensions Act 2004, the Pensions Regulator, the Public Service Pensions Act 2013 and the Regulations.
- 11.2 The degree of knowledge and understanding required by clause 11.1 is that appropriate for the purposes of enabling the individual to properly and efficiently exercise the functions of a member of the Pension Board.
- 11.3 It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
- 11.4 Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date.

- 11.5 Pension Board members are therefore required to maintain a written record of relevant training and development.
- 11.6 Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 11.7 The Scheme Manager will provide or source relevant training, updates and refresher training for all Pension Board members throughout their tenure.
- 11.8 Pension Board members will comply with any Scheme Manager training policies that are in place from time to time and will attend all training provided or sourced by the Scheme Manager.
- 11.9 Training where needed, that is provided or sourced by the Scheme Manager will be charged to the Pension Fund.
- 11.10 Subject to the Regulations or any advice or requirement issued by the Pensions Regulator, the Pensions Board must agree and implement a programme of training in respect of all members of the Pension Board to ensure (without prejudice to the duties of the individual members themselves in this regard) that they are adequately trained to perform their respective duties.

#### ***Continued Professional Development Review (“CPD”)***

- 11.11 If at any time a member appears to the Pension Board or the Scheme Manager to be failing to meet the requirements of clause 11 or where a member fails to attend training arranged under clause 11 without reasonable excuse, the Chair will commence the following CPD Review process.

#### ***Understanding***

- 11.12 The Chair will meet with the member to discuss their training needs and will put them on notice to improve.
- 11.13 The member will be given, by the Chair, a set period of time within which to improve their knowledge and skills in order to remain a member of the Pension Board.
- 11.14 The Chair and the member will prepare a training plan which shall commence as soon as possible.
- 11.15 If the member fails to complete the training plan at all or within the notice period, or the Chair believes that the member still does not hold the requisite knowledge, the member will vacate his position on the Pension Board with immediate effect.

#### ***Attendance & Training***

- 11.16 Whether or not a member is believed to have requisite knowledge and skill, where he is failing to attend training and/or to comply with clause 11 generally, without reasonable excuse, the Chair will put the member on notice to improve.
- 11.17 The notice will set out the requirements which the member must comply with during the notice period.
- 11.18 If the member fails to comply with the notice at all or within time, the member will be dismissed from the Pension Board with immediate effect.
- 11.19 Where the Scheme Manager or members of the Pension Board believe a member of the Pension Board does not have or is not up to date with the required standard of knowledge, such a member will be referred for additional training which shall be provided or sourced by the Scheme Manager.
- 11.20 If a Pension Board member, after receiving support provided in clause 11 does not meet the required standard of knowledge, their tenure shall be reviewed by the Chair of the Pension Board in conjunction with the Scheme Manager.



## 12. Meetings and Frequency

- 12.1 The Chair of the Pension Board shall arrange for notice to be given to all Pension Board members for every meeting of the Pension Board in writing via email.
- 12.2 Pension Board meetings will be treated in the same way as a Committee of Staffordshire County Council and, as such, members of the public may attend.
- 12.3 The Chair shall arrange for an agenda and any papers to be circulated to all Pension Board members prior to each Pension Board meeting. The agenda and any papers for the Pension Board will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.
- 12.4 All agendas and papers for Pension Board meetings will be made publically available on the Staffordshire Pension Fund website unless, in the opinion of the Scheme Manager, they are covered by exempt/confidential information procedures under the Local Government Act 1972 (as amended) or represent data covered by the Data Protection Act 1998.
- 12.5 Where a Pension Board meeting includes matters considered by the Pension Committee or Pensions Panel that contain information deemed by the Scheme Manager to be covered by exempt/confidential information procedures under the Local Government Act 1972 (as amended) or represent data covered by the Data Protection Act 1998, the public will be excluded from that part of the meeting on the same grounds and the minutes will reflect this accordingly.
- 12.6 The Pension Board shall ensure that a formal record of Pension Board proceedings including a record of attendance, all actions, decisions and matters where the Board was unable to reach a decision is maintained.
- 12.7 Following the approval of the minutes by the Chair of the Pension Board, they shall be circulated to all members.
- 12.8 The number of Pension Board meetings per year shall mirror that of the Pension Committee standard meetings.
- 12.9 All meetings must be held on a day when the Pension Committee is also meeting and shall take place after the Pension Committee has met (except meetings required under clause 13.7).
- 12.10 The following will be entitled to attend Pension Board meetings in an observer capacity:
  - Members of the Pensions Committee;
  - The Director of Finance , Monitoring Officer, Head of Treasury and Pensions;
  - The Fund Manager, the Fund's Strategic Investment Manager; other officers or advisers of Staffordshire County Council or other employers involved with the management of the Pension Fund subject to approval in advance by the Chair, or on request by the Chair;
  - any other person requested to attend by the Chair;
  - any other person subject to approval in advance by the Chair.
- 12.11 Any such attendees will be permitted to speak on request to the Chair.
- 12.12 The Chair may request the Scheme Manager to provide a 'Board Secretary' to assist in the administration of the Pension Board such as minute taking and circulating agenda and reports to Pension Board members.

### **13. Decision Making & Reporting**

- 13.1 Each Scheme Member Representative and each Employer Representative of the Pension Board will have an individual voting right but it is expected that as far as possible the members will try to reach a consensus.
- 13.2 Any Independent Advisor shall have no right to vote, as per the Regulations.
- 13.3 The Chair of the Pension Board will have the final deciding vote.
- 13.4 In circumstances where the Chair's deciding vote has been exercised, the Scheme Manager shall be notified.

#### ***Reporting***

- 13.5 At all times the Pension Board will comply with reporting requirements set out in the Code of Practice.
- 13.6 In compliance with its duties under the Regulations, the Pension Board shall prepare and provide an Annual Report to the Scheme Manager which shall include (but not be limited to);
  - 13.6.1 A summary of the work of the Pension Board;
  - 13.6.2 Details of matters reported to the Pension Board and the action taken;
  - 13.6.3 A conflict of interest register and any action taken relating to conflicts which may have arisen;
  - 13.6.4 Any concerns which the Pension Board wishes to raise with the Scheme Manager;
  - 13.6.5 Training details for members of the Pension Board;
  - 13.6.6 Details of expenses and other costs incurred by the Pension Board;
  - 13.6.7 A plan of actions for current and next year.
- 13.7 If a member is aware of or is informed by any person of a concern relating to the administration or governance of the Pension Fund this shall be reported to the Chair and added to the agenda for the next meeting of the Pension Board.
- 13.8 If the concern raised under clause 13.6 is considered to be urgent, a special meeting can be convened by the Chair as long as this meeting is quorate it can make relevant decisions in relation to the concern.

### **14. Conduct**

- 14.1 The members of the Pension Board shall at all times during their tenure, adhere to relevant legislation and the Scheme Manager's Members' code of conduct, created in accordance with Chapter 7 of the Localism Act 2011, and paragraph 18 of this Constitution.

### **15. Accountability**

- 15.1 The Pension Board will be collectively and individually accountable to the Scheme Manager and the Pensions Regulator.

### **16. Expenses**

- 16.1 Members of the Pension Board and any subcommittees shall be reimbursed for reasonable subsistence and travel expenses in accordance the relevant sections

of the Scheme Manager's Members' Allowance Scheme, which relate to such claims.

- 16.2 Upon request from a Pension Board member and in exceptional circumstances, the Scheme Manager shall have the discretion to approve payment of reasonable costs incurred by a member for time spent preparing for and/or attending Pension Board meetings and/or training provided by or sourced by the Scheme Manager.
- 16.3 For the avoidance of doubt, Pension Board members shall not receive an annual allowance of any kind.

## 17. Variations

- 17.1 Any variation to this Constitution, considered necessary by the Pension Board, shall be reported to the Scheme Manager for consideration and written consent.
- 17.2 No variation made by the Pension Board will be valid without the express written consent of the Scheme Manager provided under Clause 17.1.

## 18. Confidentiality

- 18.1 Each member shall undertake that they will not at any time during their tenure, and for a period of 4 years after termination of the same, disclose to any person any Confidential Information except as permitted by clause 18.2.
- 18.2. Each member may only disclose any confidential information:
  - 18.2.1. to their employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the member's obligations under this Constitution;
  - 18.2.2. each member shall procure that their employees, officers, representatives or advisers to whom they disclose the confidential information comply with this clause 18; and
  - 18.2.3. as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.
- 18.3. No member shall use any confidential information for any purpose other than to perform their obligations under this Constitution.
- 18.4. "Confidential Information" means all information (however recorded or preserved) disclosed by the Pension Board, Pension Committee, Pensions Panel, a subcommittee, a member (or where relevant) employees, officers, representatives or advisers to a member of the Pension Board in connection with the Pension Board, which is:
  - 18.4.1. covered by exempt/confidential information procedures under the Local Government Act 1972 (as amended); and/or
  - 18.4.2. data covered by the Data Protection Act 1998.
- 18.5. The provisions of this clause 18 shall not apply to any Confidential Information that:
  - 18.5.1. is or becomes generally available to the public (other than as a result of its disclosure by a member in breach of this clause);
  - 18.5.2. was available to the receiving party on a non-confidential basis before disclosure by the disclosing member;
  - 18.5.3. was, is or becomes available to the receiving party on a non-confidential basis from a person who, to the receiving party's knowledge, is not bound

by a confidentiality agreement with the disclosing member or otherwise prohibited from disclosing the information to the receiving party; or

18.5.4. the Pension Board members agree in writing is not confidential or may be disclosed; or

18.5.5. is developed by or for the receiving party independently of the information disclosed by the disclosing member.

## Appendix 1 Member Role Specification

POST NO.	POST TITLE	GRADE	DATE
	Pension Board – Scheme Member Representative/Employer Representative	n/a	2015

### ***STATEMENT OF PURPOSE***

Through your position on the Pension Board to review the decisions and actions of the Scheme Manager in relation to the governance, operation and management of the Staffordshire Pension Fund, in order to ensure compliance with all relevant legislation and any requirements of the Pension Regulator.

### ***Main Duties and Responsibilities***

As a Member you will be expected:

- To commit to undertake the role for a period of 4 years
- To attend and participate constructively in meetings of the Committee
- To undertake training and development appropriate to your role including:
  - ❖ Attendance at external training
  - ❖ Participation in a continuous assessment of knowledge and skills through an established framework
- To approach matters before the Pension Board with an open and independent mind avoiding any pre-determination or bias
- To operate within the Pension Board's Constitution and Code of Conduct

## PERSON SPECIFICATION

FACTORS	ESSENTIAL	DESIRABLE	MEASURED BY
<b>Qualification</b>			
<ul style="list-style-type: none"> <li>To be resident in Staffordshire*</li> </ul>		√	
<b>KNOWLEDGE/SKILLS, ABILITIES AND/OR EXPERIENCE</b>			
<b>Knowledge</b>			
<ul style="list-style-type: none"> <li>Knowledge / understanding of the pension industry</li> </ul>	√		I
<ul style="list-style-type: none"> <li>Experience of / interest in pensions or finance</li> </ul>		√	I
<b>Leadership</b>			
<ul style="list-style-type: none"> <li>Ability to represent the views of the LGPS members/employers to the Pension Board where relevant</li> </ul>	√		I
<b>Organisational skills</b>			
<ul style="list-style-type: none"> <li>The ability and confidence to deal with all matters before the Pension Board in an independent and even handed way free from bias and without regard for the political consequences</li> </ul>	√		I
<b>Team working and relationship building</b>			
<ul style="list-style-type: none"> <li>The ability to establish effective working relationships with other members of the Pension Board and supporting officers</li> </ul>	√		I
<b>Communications</b>			
<ul style="list-style-type: none"> <li>Excellent listening and questioning skills</li> </ul>	√		I
<ul style="list-style-type: none"> <li>Good communication skills with the confidence to speak and write effectively and clearly</li> </ul>	√		I
<ul style="list-style-type: none"> <li>Computer literate</li> </ul>	√		I
<b>Other Requirements</b>			
<ul style="list-style-type: none"> <li>A personal commitment to high standards of probity, propriety and governance</li> </ul>	√		I
<ul style="list-style-type: none"> <li>Willingness to train</li> </ul>	√		I

A = Application

I = Interview

\*except for any Independent Advisor

## **Appendix 2 Member Appointment Process**

### **1. Scheme Member and Employer Representatives**

- 1.1. The members, who will sit as Scheme Member and Employer Representatives, shall be appointed by the Scheme Manager after applications are sought publicly from employers and scheme members via advertising the positions through a number of public and employer channels.
- 1.2. The Scheme Manager shall seek nominations and consider the applications and nominations received.
- 1.3. Selection will be subject to the role specification and holding the required capacity, knowledge and skills needed to be a member in accordance with this Constitution and the Regulations (subject to any training).
- 1.4. If necessary, an appointment selection committee will be created to interview prospective candidates.
- 1.5. Successful candidates will be informed in writing and their tenure shall begin at the first meeting of the Pension Board thereafter.
- 1.6. Approval of the appointment will be made at the next available meeting of the Pensions Board.





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of Part 1 of Schedule 12A  
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