



Staffordshire
Pension Fund
Local Government Pension Scheme

Pension Board Annual Report 2021/2022

Version Draft



Introduction

This is the seventh 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 Pension Regulator.

Executive Summary

The opinion of the Board is that we do not have any concerns about the Staffordshire Pension Fund or its administration.

Board Members

The Board consists of six members, three representing scheme members and three representing employers drawn from employer organisations.

This year a new board member has been appointed as a Scheme Member Representative. There is still a need to fill a vacancy for an Employer Representative and the Board will continue to seek nominations for the role.

Employer Representatives

Rachel Bailye - Staffordshire University Academies Trust (appointed 27 Sept 2019)
Corrina Bradley – Vice Chair of the Board, Staffordshire Police (appointed 26 March 2021)

Scheme Member Representatives

Rob Birch - Active Scheme member – Current Chair of the Board (appointed 27 Sept 2019)
James Mika – Trade Union Representative (appointed 26 March 2021)
John Mayhew – Active Scheme Member (appointed 24 September 2021)

Meeting Attendance

The Board has met on four occasions during the year, attended joint training events and briefing events with the Pensions Committee. Following the Covid pandemic, meetings took place face to face in line with the Board rules. In addition to Board meetings, one or more of the members have attended every Pension Committee and Pension Panel meetings to ensure that there is a full understanding of the decisions made and discussions undertaken.

Meeting	25 June 2021	24 September 2021	17 December 2021	25 March 2022
Rob Birch	Present	Present	Present	Present
Corina Bradley	Present	Present	Present	Absent
John Mayhew	N/A	Present	Present	Present
Rachael Bailye	Absent	Absent	Absent	Absent
James Mika	N/A	Absent	Absent	Absent

Although members attendance has been lower than would be hoped, all meetings have been quorate.

Work Programme

During the year Board members have continued to monitor compliance with the Regulations, the Risk Register, and the development of the LGPS Central Pool arrangements.

In addition, Board members are reviewing internal and external Audit Reports to ensure that there are no significant or high-level recommendations being made and that all other recommendations are being acted upon within a reasonable time-frame.

Board members also attend the risk register assessment meetings and are actively involved in the discussions and scrutiny involved in identifying and reviewing the wide range of risks faced by the Staffordshire Pension Fund. Emerging risks are of particular concern to members, who have taken an interest in the directions given to the Fund's investment managers in light of the Russian invasion of Ukraine and the implications for investments. In addition, the Board will continue to monitor the Fund's approach to sustainability and ethical investment which includes issues such as carbon emissions, pesticides, slavery and human rights.

There has been ongoing uncertainty in relation to the McCloud judgement and the potential reintroduction of an Exit Pay Cap by Central Government. The Board will monitor progress on these issues as new guidance and legislation comes forward.

Breaches

The Board has a responsibility to report upon any matter that appears to be materially significant. There were no significant issues of concern raised with or by the Board. It was noted in the previous annual report that there are still some scheme members for whom incorrect address details are held. Scheme members data is subject to specific targets set by the Pensions Regulator. Data scores have improved significantly over recent years though it was noted that there are still some members details that are incorrect. This continues to be an improving picture

although the reason for this is still out of the control of the Fund, largely due to deferred members who have not updated their personal details. The Board will continue to monitor the compliance with data targets as set by the regulator.

Risk Register

The Pensions Committee at its meeting of 25 June 2021, once again, accepted the content and recommendations of the Board's review of the Pension Fund's Risk Register carried out during 2020/21 and requested the Board to continue to play an active role in the ongoing review process.

This 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 is discussed in line-by-line detail.

The view of the Board is that the Risk Register is a robust, comprehensive and provides an 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 and assess the impact of suitable mitigations where applicable.

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 takes their responsibility seriously.

Online governance arrangements

Following the pandemic all meetings, with the exception of some training, have moved back to face-to-face meetings. This is in line with the County Council constitution although the Scheme Advisory Board does permit for meetings of Pensions Boards to be held online according to their guidance.

All information is readily accessible prior to meetings of the Board and online training for members has proved to be convenient and accessible.

LGPS Central Pool arrangements

The costs of running LGPS Central continue to be an ongoing concern with regards to value for money. It is anticipated that the value for money aspects of investing through LGPS Central will improve moving forward now that the pool is established. The Board will continue to take an interest in the governance of the pool, its relationship with the Staffordshire Fund and the accountability for how it is managed.

It remains outside of the Board's remit to engage directly on the subject of LGPS Central costs, but the Board remains confident that the Pensions Committee and Officers engage effectively and challenge the LGPS Central Pool when needed, in order to ensure value for money is delivered by LGPS Central.

Audit Report

The Board receives and monitors internal Audit Reports. It was noted at the meeting of the Pensions Committee held on the 17 December 2020 that the external Audit Report had identified no significant issues. This report was accepted, and the Board are pleased that the internal Audit Report reflect the good governance of the Staffordshire Pension Fund. The Board would like to thank and congratulate the Committee, and Panel, Members and Fund Officers for their effective management of the Fund over the year.

Other matters

The impact of Covid19 on the investments of the Fund continued to be of concern to the Board following the pandemic restrictions being lifted. The concerns are compounded by the impact of the war in Ukraine and the economic impact on investments and growth. As we have moved out of the pandemic the Ukrainian war has taken over as the main concern for economies and investments around the world. Whilst the Fund has given clear guidance to investment managers on any future investments in Russia and Belarus, the impact of the war on investments is farther reaching than just those two countries and may impact on the performance of investments more generally due to changes in behaviours. The ethical stance taken on future investments in Russia and Belarus is to be welcomed. The Board will continue to monitor the impact of the war in Ukraine on the Fund's investments and how they are managed over the coming year.

Matters Reported to the Board

The Board has a responsibility to report upon any matter that appears to be materially significant. Nothing has come to the Board's attention during the year.

Conflicts of Interest

Declarations of interest are recorded on a declaration form completed by Board members which should be regularly reviewed and updated as appropriate. There may also be conflicts of interest with regards to items under discussion. Any conflicts that arise during the year are shown in the minutes. No conflicts of interest have arisen during the meetings over the year 2021/2022.

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. The Board, individually, undertake training through the Pension Regulators Public Service Toolkit and has adopted the CIPFA Knowledge and Skills Framework to audit their understanding. The Board's members have also been working through training provided online by

Hymans- Robertson. This training is made available to all members as well as members of the Pensions Committee. This helps to ensure that those responsible for governance of the Fund have the required skills and knowledge to be both compliant with regulations and competent in the oversight of the management of the Fund. Training needs of Board members are shown in 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 2021/22 were as follows:

Board Costs and Expenses	£
Training and Conference Expenses	390.00
Travel Expenses	200.80
Total	590.80

It is of note that the expenses this year have increased marginally when compared to the previous year. This is because of meetings and some training events having returned to being in person.

Robert Birch

Chair of the Staffordshire Pension Board
May 2022

Pension Board Training 2021/22

In 2015 CIPFA produced the 'Local Pensions Boards: A Technical Knowledge and Skills Framework'. This covered the knowledge and skills requirements for members of local pensions boards and still remains in force.

In 2021 CIPFA published an updated LGPS Knowledge and Skills Framework (KSF) for officers and elected members/non-executives involved in the administration of public service pension schemes. This is more detailed than the version for the Pensions Board, so the Fund have deemed it appropriate to adopt this framework for measuring the knowledge and skills of Board members as well.

Following the publication of the new and enhanced KSF, Staffordshire Pension Fund Officers carried out a training needs assessment (TNA) of the Senior Officers, Pensions Committee and Pensions Board members, 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 was to feed into the Training Plan for the coming 12 months.

The objective of the KSF, and accordingly the TNA, is to improve knowledge and skills in all the relevant areas of activity of a Pension Board and to assist Board Members in achieving the degree of knowledge appropriate for the purposes of enabling them, both as individuals and as a collective, to properly exercise the functions of being a member of the Pensions Board, as required under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

The 8 key skills areas are as follows:

- Pensions legislation and guidance
- Pensions governance
- Funding strategy and actuarial methods
- Pensions administration and communication
- Pensions financial strategy, management, accounting, reporting and auditing standards
- Investment strategy, asset allocation, pooling, performance and risk management
- Financial markets and products
- Pension services procurement, contract management and relationship management

The graph below shows the 'collective' competence self-assessment of the whole Board, following the TNA carried out in December 2021.

- 1 = No knowledge
- 2 = Limited knowledge and understanding
- 3 = Basic understanding
- 4 = Broad ability to comprehend and apply knowledge
- 5 = Sound understanding and ability to ask challenging questions

The competence score is higher than previous years, reflecting the increased experience and knowledge of the Board over time. It still shows areas for improvement and the Training Plan for 2022/23 will be guided by this and focus on those areas with the lowest collective scores.

