

## **Minutes of the Pensions Board Meeting held on 16 December 2022**

Present: Rob Birch (Chair)

John Mayhew

### **PART ONE**

**158. Apologies:** Corrina Bradley

**159. Declarations of Interest**

There were no Declarations of Interest on this occasion.

**160. Minutes of the meeting held on 30 September 2022**

**Resolved:** That the minutes of the meeting held on 30 September 2022 be confirmed and signed by the Chairman.

**161. Pensions Board - Appointment of Board Members**

Members were informed that a resignation had been received from the Board member representing the Trade Unions. Emails had already been sent to Trade Union colleagues in an attempt to find a new representative; a response was yet to be received.

Officers continued to work together to recruit to the vacant positions of Elected Member and Larger Employer representatives. Communications will be sent to local district and borough councils to try and find an Elected Member representative. However, local elections are scheduled to take place in May 2023, so it is unlikely any representatives will be put forward at this time. Emails will be sent out early in the new year and post-election to promote the opportunity.

Consideration was also being given to the overall make-up of the Board, and whether it might work better if it consisted of two employer representatives and two scheme member representatives rather than the current set-up of three representatives of each category. Consideration was also being given to the possible introduction of an Independent Board Chair.

**Resolved:** That the work being undertaken by officers to recruit additional representation to the Board be noted.

**162. Matters arising from:**

a) Pensions Committee - Minutes of the meeting held on 30 September 2022

There were no comments on the minutes from 30 September 2022.

b) Pensions Committee - held on 16 December 2022

In response to a query relating to the mechanisms used when an employer leaves the Fund, it was explained that cessation applied when an employer no longer had any active members participating in the Pension Fund – this primarily applied to organisations such as housing associations and other partnership organisations who are classed as “Community Admission Bodies” (CABs).

It was further explained that if a CAB elected to leave the Fund, they could do so providing they could leave enough assets in the Fund to pay off any deficit and to cover the cost of future pension liabilities. Cessation calculations are currently linked to Government bond yields which have increased dramatically this year, and as this reduces the potential cost of future liabilities, this has made it an ideal time for CABs to leave the Fund. The proposed corridor approach which had been suggested by Hymans recommended that the cessation calculation should not just rely on Government bond yields but should be more closely linked to the Fund’s wider asset allocation return expectations and a higher probability of achieving the full funding level. This proposal offers advantages for the employer, as well as the Fund, as it reduces the risk of volatility.

### **163. Staffordshire Pension Fund Risk Register - Funding**

The Board were informed that a risk register meeting took place on 18 November 2022 where the Officer working group reviewed the risk area of Funding. It was noted that a member of the Board was unable to attend this meeting. In the last review period, many of the Funding risks had been increased due to fact the Fund was entering into the Actuarial Valuation period. At this most recent meeting the risks were able to be reduced because the output from the Actuarial Valuation was known and the impact hadn’t been as strong as it might have been. The Board heard that one risk area relating to the failure to monitor the funding position during the inter-valuation period remained high risk. There were nine areas of medium risk highlighted. These related to:

1. the procurement of the Actuary with the current contract due to expire;
2. ensuring contribution rates are appropriate and affordable for each employer;
3. the Funding Strategy Statement which has been revised as part of the actuarial valuation process and is out for consultation with stakeholders; and
4. the Fund’s investment strategy which has been reviewed in tandem with the actuarial valuation and needs to remain appropriate for the long-term financial stability of the Fund.

Members questioned whether there were any additional risks associated with the failure to procure to the role of Actuary, it was confirmed that many of the Fund’s systems were currently integrated with Hymans’ systems, specifically in relation to the provision of data and a change in Actuary would require a longer transfer time for such data. It was also noted that a new Actuary may make different assumptions to Hymans, in combination these could have an impact on the management of the Fund.

In response to a question asking if there was an item in the risk register relating to the risks of asset pooling, particularly in reference to the issue of the costs and returns from

LGPS Central impacting the Fund it was confirmed that it was included in the risk register and could be found in both the Investment and Governance sections.

**Resolved:** That the risks, relating to Funding, from the current Staffordshire Pension Fund Risk Register, as presented in Appendix 2 to the report, be noted.

#### **164. Dates of Future Meetings**

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

- Friday, 31 March 2023
- Friday, 30 June 2023 (provisional)
- Friday, 29 September 2023 (provisional)

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

#### **165. Exclusion of the Public**

**Resolved:** 'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph pf Part 1 of schedule 12A of the Local Government Act 1972 indicated below'

### **PART TWO**

#### **166. Exempt Minutes from the meeting held on 30 September 2022 (Exemption Paragraph 3)**

#### **167. Exempt matters arising from: (Exemption Paragraph 3)**

- a) Pensions Committee - Minutes of the meeting held on 30 September 2022
- b) Pensions Committee - Held on 16 December 2022

#### **168. Internal Audit Reports - Recommendations Progress Log (Exemption Paragraph 3)**

#### **169. LGPS Central Pool - Local Pensions Board Chairs Meeting of 24 October 2022 (Exemption Paragraph 3)**

**Chairman**