

Pension Board Annual Report 2019/2020

Version Final



Introduction

This is the fifth 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.

During the year one member completed their 4-year term of office and we thank Tim Legge for his work since the inception of the Board and wish him well for the future. His place was filled by Rob Birch. There were two vacancies on the Board, that have been filled by Rachel Bailye and Tracy McCready.

Employer Representatives

Councillor Gordon Alcott - Staffordshire Borough & District Councils

Rachel Bailye - Staffordshire University Academies Trust (appointed 27 Sept 2019)

Tracy McCready - City of Stoke on Trent (appointed 17 January 2020)

Scheme Member Representatives

Rob Birch - Active Scheme member - Staffordshire Police (appointed 27 Sept 2019)

Ian Jenkinson - Retired Scheme member and Chair of the Board

Tim Legge - Retired Scheme member (appointment ended 27 Sept 2019)

Kate Salter - Unison Representative

Meeting Attendance

The Board has met on four occasions during the year, attended joint training events and briefing events with the Pensions Committee. In addition, 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	27 June 2019	12 July 2019	27 Sept 2019	17 Jan 2020
Gordon Alcott	Present	Apology	Present	Absent
Rachael Bailye	NA	NA	Apology	Present
Rob Birch	NA	NA	Present	Present
Ian Jenkinson	Present	Present	Present	Present
Tracey McCready	NA	NA	NA	Present
Tim Legge	Present	Present	Present	NA
Kate Salter	Absent	Absent	Present	Absent

A Board meeting scheduled for 17 March 2020 was cancelled because of the Government's recommendation to observe social distancing for the Covid19 pandemic and it was not possible to make alternative arrangements in sufficient time.

Work Programme

During the year Board members have monitored compliance with the Regulations, the Risk Register and the development of the LGPS Central Pool arrangements. In addition, Board members 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.

Breaches

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

This situation has improved and we believe that all members now receive, or can access, their Annual Benefit Statement on the due date. As a result no breaches of the Local Government Pension Scheme Regulations were reported during the year.

Risk Register

The Pension Committee at its meeting of 15 June 2019, once again, accepted the content and recommendations of the Board's review of the Pension Fund Risk

Register carried out during 2018/19 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 appropriate approach to risk management. The risk rating through RAG colour coding (a 'traffic light' indicator) is an understandable way to identify and categorise the risks.

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

Online governance arrangements

The 2019 Annual Report reported that the access to the County Council's online systems has proved difficult for some Members. Things have improved but it still requires staff intervention and support to enable access. More work is required to facilitate the free and full access that should be available because it is expected that a move to virtual meetings and online-only documentation will form a part of the County Council's response to the Covid-19 pandemic.

LGPS Central Pool arrangements

LGPS Central has now been operating as a limited company for more than one year and is developing its service offer to each of the partner funds. Their offer is being developed at a slower rate than was expected and they appear to be having difficulty in keeping within their planned budget. If their costs rise this has implications for the Fund in that anticipated savings do not arise as quickly as expected.

The Board does not have direct oversight of these arrangements, but we are pleased to see the way in which the Pensions Committee and Officers are closely following and taking an active role in dealing with this situation.

As a separate issue, unrelated to the activities of LGPS Central Ltd, we are meeting with the other Pension Boards that are associated with LGPS Central. This has taken the form of joint training events and briefings that have proved to be a valuable forum.

Audit Report

The Board receives and monitors Audit Reports. There is nothing of significance to report at this stage.

Other matters

It will be recalled that previous reports said that the Board had sought information about comparisons between the Staffordshire scheme and other LGPS schemes. This was finally addressed in a joint Pension Committee and Board meeting in July when a comprehensive report about Investment Performance and Benchmarking was discussed. It was pleasing to see that the Fund had outperformed its own strategic benchmark and the LGPS average during the previous one, three, five and ten year periods. In addition total Risk remained low and the active risk was at a level consistent with the investment structure of the Fund.

Plainly this assessment was made before markets were impacted by the Covid-19 pandemic. It will be some time before it is clear what impact these events will have on the Fund but, because it is a long-term investor, short-term fluctuations are unlikely to be material.

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

Matters Reported to the Board

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

Conflicts of Interest

The conflicts of interest that arose during the year are shown in the minutes. On the one occasion when a conflict did arise the member concerned withdrew from the meeting while the matter was discussed. The conflict did not have any financial or pecuniary implications.

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, undertakes training through The Pension Regulators Public Service Toolkit and has adopted the CIPFA Knowledge and Skills Framework to audit their understanding.

Training needs 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 2019/2020 were as follows:

Board members travel, training and conferences expenses	£469.60
Independent Advisor to the Board	£1,950.00
Total	£2,419.60

Ian Jenkinson,

Chair of the Staffordshire Pension Board
May 2020

Pension Services

Pension Board Training – Appendix A

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

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

The objective is to improve knowledge and skills in all the relevant areas of activity of a pension board and assist board members in achieving the degree of knowledge appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board as required under Section 248a of the *Pensions Act 2004*¹, as amended by the *Public Service Pensions Act 2013*.

The key Skills are as follows:

Pensions Legislation

Public Sector Pensions Governance

Pensions Administration

Pensions Accounting and Auditing Standards

Pensions Services Procurement and Relationship Management

Investment Performance and Risk Management

Financial Markets and Product Knowledge

Actuarial Methods Standards and Practices

The graph below shows the ‘collective’ competence of the whole Board shown on a scale from 1 to 5 where:

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 lower than previous years, however, with several new Members this is not a surprise and the finding will inform the training that will be arranged during the coming year.

Training Needs Assessment, summary analysis for Pension Board 2019-2020

