



Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Date: 29 June 2023

**Committee:  
Pensions Board**

**Date: Friday, 7 July 2023**  
**Time: 10.00 am**  
**Venue: Wilfred Owen Room, Shirehall, Abbey Foregate, Shrewsbury,  
Shropshire, SY2 6ND**

You are requested to attend the above meeting. The Agenda is attached

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting please email [democracy@shropshire.gov.uk](mailto:democracy@shropshire.gov.uk) to check that a seat will be available for you.

Please click [here](#) to view the livestream of the meeting on the date and time stated on the agenda

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel [Here](#)

Tim Collard  
Assistant Director - Legal and Governance

**Members of Pensions Board**

Member Representatives

John Hall  
Mike Morris  
Dave Wright (Chairman)

Employer Representatives

Liz Furey  
Vacancy  
Helen Woodvine

Your Committee Officer is:

**Michelle Dulson** Committee Officer

Tel: 01743 257719 Email: [michelle.dulson@shropshire.gov.uk](mailto:michelle.dulson@shropshire.gov.uk)

# AGENDA

## 1 Apologies

To receive apologies for absence.

## 2 Declarations of Conflicts of Interest

Members are reminded that they should declare any interests which may lead to conflicts of interest in the subject area or any specific agenda item of this meeting. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

## 3 Minutes of the previous meeting (Pages 1 - 6)

The Minutes of the meeting held on 9 May 2023 are attached for confirmation.  
Contact: Michelle Dulson (01743) 257719

## 4 Public Question Time

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5pm on Monday 3 July 2023.

## 5 Administration and Regulatory Updates (Pages 7 - 12)

Report attached.  
Contact: Debbie Sharp (01743) 252192

## 6 Pensions Committee Reports and Feedback

For Board Members to raise any questions following the recent Pensions Committee meeting.

Please click on the link below to access the reports considered by the Pensions Committee at its last meeting on 23 June 2023:

[Agenda for Pensions Committee on Friday, 23rd June, 2023, 10.00 am — Shropshire Council](#)

**7 Date of Next Meeting**

The next meeting of the Pensions Board will be held at 10.00am on the 13 October 2023.

**8 Exclusion of Press and Public**

To RESOLVE that in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations and Paragraphs 3 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

**9 Exempt Minutes (Exempted by Category 3) (Pages 13 - 16)**

The Exempt Minutes of the meeting held on the 9 May 2023 are attached for confirmation.

Contact Michelle Dulson (01743) 257719

**10 Economic Update (Exempted by Category 3) (Pages 17 - 24)**

Report attached.

Contact: Peter Chadderton 07990 086399

**11 Pensions Committee Exempt Reports and Feedback (Exempted by Category 3)**

For Board Members to raise any questions following the recent Pensions Committee meeting.

Please click on the link below to access the reports considered by the Pensions Committee at its last meeting on 23 June 2023.

[Agenda for Pensions Committee on Friday, 23rd June, 2023, 10.00 am — Shropshire Council](#)

**12 Governance Update (Exempted by Category 3) (Pages 25 - 48)**

Report attached.

Contact: Alison Grange (01743) 253823

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## Committee and Date

Pensions Board

7 July 2023

## **PENSIONS BOARD**

### **Minutes of the meeting held on 9 May 2023**

**In the Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND**

**10.00 - 11.32 am**

**Responsible Officer:** Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk      Tel: 01743 257719

### **Present**

#### Member Representatives

John Hall

Dave Wright

Mike Morris

#### Employer Representatives

Liz Furey (virtual)

Helen Woodvine

### **49 Apologies**

Apologies were received from Mike Morris and Clare Charlesworth-Jones.

### **50 Declarations of Conflicts of Interest**

No conflicts of interest were declared.

### **51 Minutes of the previous meeting**

#### **RESOLVED:**

That the Minutes of the meetings held on 17 February 2023 be approved and signed by the Chairman as a correct record.

### **52 Public Question Time**

No public questions had been received.

### **53 Administration and Regulatory Updates**

The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes – which provided Members with the latest

administration and regulatory updates affecting the Local Government Pensions Scheme since the Administration report provided to Pensions Board on 17 February 2023 and Pensions Committee on 17 March 2023.

The Communications and Governance Team Leader introduced and amplified the report. She updated the Board in relation to take up of the 'My Pensions Online' which had increased slightly following delivery of four webinars aimed at all active members telling them more about the Local Government Pension Scheme and the benefits of being a member. She went on to highlight the opened email rate for the bulk email functionality used to update Members with the latest fund news, along with the open rate for employer bulk emails, set out in paragraphs 8.6 and 8.7 of the report.

In response to a query, the Communications and Governance Team Leader explained some of the reasons why the emails were not being opened, for example, they were going into junk folders. She reported that an exercise was currently underway to review the employer contact details held to ensure they were correct. She went on to explain the tool used to check the opened email along with plans to use other formats instead of a newsletter which people may only read if they have time and she agreed to arrange for examples to be shared at the next meeting.

She informed the Board that they were on track to produce the active and deferred annual benefit statements by 31 August and that the fund's Annual Report for 2022/23 would be presented to the September meeting of the Board.

Turning to the McCloud judgement, the Communications and Governance Team Leader reported that the Government had now published the outcome of the consultation undertaken in 2020 on proposals to remove age discrimination from the LGPS in England and Wales. National guidance was still awaited on the response, but a revised consultation was expected around the treatment of records that had already been aggregated.

The Communications and Governance Team Leader updated the Board in relation to the work being done with the actuary to categorise employers according to the quality of its data (paragraph 10.5). Further to a query raised in the February meeting, the actuary had carried out a stand alone estimate of the cost of the McCloud judgement and estimated that the cost was an increase in past service liabilities of £23m (0.9%) as at the valuation date.

The Communications and Governance Team Leader updated the Board in relation to the Pensions Dashboard and following a request at the previous meeting, provided further feedback from the employers meeting including the number of employers who attended the meeting, the number who requested a one-to-one with the actuary and the results from the feedback forms. In order for Members to better understand the profile of employers in the fund, they requested a breakdown showing how many active members each employer had.

The Communications and Governance Team Leader also drew attention to the introduction of the Fund Business Plan, changes to the scheme following the Spring 2023 Budget, the Frozen Refund project, whereby 87 out of 435 refunds had been

paid, and finally, she explained the changes in the SCAPE discount rate (Superannuation contributions adjusted for past experience).

**RESOLVED:**

That the contents of the report be noted.

**54 Pensions Committee Reports and Feedback**

The reports considered by the Pensions Committee at its meeting on 17 March 2023 had been received by the Board.

Concern was raised that representatives from Telford & Wrekin Council had not attended the meeting, however, as they had recently held elections it was hoped that, once members were appointed to the Committee, they would be in attendance at the next meeting.

Following a query raised at the Pensions Committee meeting about carbon training, the Pensions Investment and Responsible Investment Manager confirmed that training would be delivered once the Telford and Wrekin representatives had been appointed and would be held either prior to the September meeting or later in the year for both Board and Committee members.

It was confirmed that the In touch newsletter was published twice yearly in the Spring and Autumn.

**55 Update on LGPS Central Chairs meetings**

The Board received a briefing note from the Chairman – copy attached to the signed Minutes – which provided Members with an update on the LGPS Central Chairs meeting held on Monday 27 March 2023 in Wolverhampton with the Cheshire Pension Fund chairing. The next meeting was due to be held on Monday 23 October 2023 and Mike Morris had agreed to attend in place of the Chairman.

**56 Date of Next Meeting**

The Chairman reported that the next meeting would be held on Friday 7 July 2023 at 10.00am.

The Chairman thanked the Communications and Governance Team Leader on behalf of Employers and the Board for all her hard work and wished her every success in her new position. The Chairman also welcomed the Senior Communications and Governance Officer and looked forward to working with her going forward.

**57 Exclusion of Press and Public**

**RESOLVED:**

That in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations and Paragraphs 3 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

**58 Exempt Minutes (Exempted by Category 3)**

**RESOLVED:**

That the Exempt Minutes of the meeting held on 17 February 2023 be approved and signed by the Chairman as a correct record.

**59 Economic Update (Exempted by Category 3)**

The Board received the exempt report of the Pensions Investment and Responsible Investment Manager – copy attached to the signed Exempt Minutes – which provided an update on the general economic conditions for the first quarter of 2023 and gave an unaudited indication of the impact on the pension fund investments as at 31 March 2023.

**RESOLVED:**

That the contents of the report and Appendix A be noted.

**60 Cyber Security update (Exempted by Category 3)**

The Board received a verbal update from the Infrastructure Security and Innovation Manager.

**RESOLVED:**

To note the contents of the update.

**61 Pensions Committee Exempt Reports and Feedback (Exempted by Category 3)**

The exempt reports considered by the Pensions Committee at its meeting on 17 March 2023 had been received by the Board.



**62 Governance Update (Exempted by Category 3)**

The Board received the report of the Communications and Governance Team Leader – copy attached to the signed Exempt Minutes – which provided an update on the Breaches of LGPS regulations recorded for the quarter ending 31 December 2022 affecting the Shropshire County Pension Fund. Updates on all other governance issues were also included within the report.

**RESOLVED:**

To note the contents of the report, the contents of Appendix A and to agree Appendix B.

Signed ..... (Chairman)

Date: .....

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Committee and date  
Pensions Board  
7 July 2023  
10.00am

Item  
Public

## Administration and regulatory updates

**Responsible Officer:** Debbie Sharp  
Email: [Debbie.sharp@shropshire.gov.uk](mailto:Debbie.sharp@shropshire.gov.uk)  
Tel: (01743) 252192

### 1. Synopsis

- 1.1. The report provides Pension Board members with the latest administration and regulatory updates affecting the Local Government Pension Scheme (LGPS).

### 2. Executive Summary

- 2.1. This report covers the administration and regulatory issues which have arisen since Pensions Committee on the 23 June 2023 and Pensions Board on the 9 May 2023.

### 3. Recommendations

- 3.1. Pension Board members are asked to note the contents of this report with or without comment.

## REPORT

### 4. Risk Assessment and Opportunities Appraisal

#### 4.1. Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to, risks to the fund are minimised. A risk register is kept and updated in line with council corporate policy.

#### 4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

#### 4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

### 5. Financial Implications

- 5.1. Currently there are no direct financial implications arising from this report.

### 6. Climate change appraisal

- 6.1. Energy and fuel consumption: No effect  
Renewable energy generation: No effect  
Carbon offsetting or mitigation: No effect  
Climate Change adaptation: No effect

## 7. Administration and regulatory update

- 7.1. In addition to this report, the Pensions Board are advised to note the pensions administration reports submitted to the Pension Committee on 23 June 2023.

## 8. Cyber security

- 8.1. The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure they have good cyber security. Shropshire County Pension Fund takes data security very seriously and works closely with Shropshire Council's IT team and any companies providing pensions software to confirm that the systems holding personal data are protected.

## 9. Communications

- 9.1. The fund monitors member take-up of its online area member self-service (MSS), known by members as 'My Pension Online'. The annual benefit statements for both active and deferred members are now available to view on 'My Pension Online' unless a member has requested a paper copy. As at 31 March 2023 a total of 49% active members and 42% of deferred members and 47% of pensioners were registered to view their records on 'My Pension Online'.
- 9.2. The newsletter to accompany this year's deferred annual benefit statements has been signed off and is ready for release this month. Work on the active annual benefit statement newsletter is ongoing. The active newsletter is due for completion in August.
- 9.3. Sample data for the deferred benefit statements has been generated and is currently going through the checking process. Notes, to help members understand their deferred benefit statement, have been updated in preparation for the release date.
- 9.4. An employer update is sent monthly via an email bulletin to all registered contacts at participating employers within the fund. The topics covered recently were:

### May 2023:

- Change to strain factors used in early retirement calculations
- McCloud remedy
- Employer role training

### June 2023:

- Pensions Board vacancy

- 9.5. The joint communications working group met on 8 June 2023. The meeting covered the shared newsletter project, how funds are meeting accessibility requirements and updates to McCloud and the dashboard project.
- 9.6. One employer has taken up the offer from the fund to offer a presentation and 1to1 sessions for Fund members. The presentation is booked for the end of June.

## **10. Local Government Pension Scheme (LGPS) cost management**

- 10.1. The Local Government Pension Scheme (Amendment) (No. 2) Regulations 2023 enable the switch to a four-yearly cost-management process and give the LGPS Scheme Advisory Board (SAB) for England and Wales more freedom on when and how to recommend that costs are put back on track.
- 10.2. The Department for Levelling Up, Housing and Communities (DLUHC) has announced the outcomes from a consultation exercise on an earlier, draft version of the Regulations. The LGPS, like the other public-service schemes, is subject to a statutory cost-control mechanism (CCM) operated by His Majesty's Treasury (HMT). Unlike the other, unfunded schemes, the funded, locally operated LGPS has an additional cost-management process, conducted by the SAB, the recommendations from which are fed into HMT's CCM exercise.
- 10.3. The Regulations facilitate the switching of the SAB's cost-management process from a triennial to a quadrennial exercise, thereby bringing it into sync with HMT's CCM and the intervals between actuarial valuations of the unfunded public-service schemes.
- 10.4. The Regulations also remove the 2% margin that extended on either side of the target overall cost of the LGPS, the breach of which was previously a trigger for mandatory recommendations from the SAB on steps to bring costs back to the target. Moreover, the SAB will have more leeway for its recommendations, because the brief will in future be to suggest ways to bring costs 'back to or towards' (emphasis added) the target, rather than 'back to' it. The Regulations came into force on 1 June 2023.

## **11. More cost-control news**

- 11.1. His Majesty's Treasury has issued a policy statement describing how the CCM will operate, from the 2020 valuations onwards, so that only the costs of the reformed (career-average revalued earnings) schemes are considered. It covers both the unfunded arrangements (for NHS workers, teachers, civil servants, Armed Forces personnel, police officers and firefighters) and the LGPS.
- 11.2. The statement describes how the policy will apply to the remedy for 'McCloud' discrimination. Service completed before the initial introduction

of the new CARE schemes will not be considered for the CCM, whereas all service after 31 March 2022 will. The unfunded schemes and the funded LGPS had different approaches to the ill-fated, discriminatory transitional protections, so the treatment of service in the transitional period is correspondingly different.

- 11.3. In the unfunded schemes, service between 1 April 2015 to 31 March 2022 (the McCloud remedy period) will be excluded from the CCM, because members' benefits will be treated as paid from their old schemes (regardless of whether old- or new-scheme benefits are eventually paid for the period).
- 11.4. In the LGPS, McCloud remedy period service will be taken into account for the CCM, but the effects of the benefit underpin will not. Treasury Directions will set out the technical details 'in due course'.

## **12. More McCloud news**

- 12.1. The Department for Levelling Up, Housing and Communities (DLUHC) is consulting on a set of draft regulations for the LGPS, on issues arising from the implementation of the 'McCloud' remedy. The topics range from the mundane to some being obscure and difficult to understand, covering aggregation, transfers under the Public Sector Transfer Club, flexible retirement, divorce, 'excess teacher service', the ability to compensate members for losses, and interest on late payments. The consultation period ended on 30 June 2023 and it is expected that the final regulations will come into force on 1 October 2023.
- 12.2. The length and complexity of the legislation required to implement the McCloud remedy confirms the immensity of the expectations being made of public-sector scheme administrators. Strikingly, in its consultation document on the draft LGPS regulations, the DLUHC says about certain aspects of the implementation that: 'Whichever approach is taken... will raise complex issues and will be challenging administratively', and that, 'This... is a unique and complex part of the government's McCloud project, and the administration... is likely to be exceptionally challenging.'
- 12.3. This will be taken into consideration when the timescales and resources required for other projects are being planned.

## **13. Pensions Dashboards**

- 13.1. On 8 June 2023, Laura Trott, Parliamentary Under Secretary of State for Pensions, published a written ministerial statement, giving an update on pensions dashboards ('dashboards').
- 13.2. The statement confirms the Department for Work and Pensions (DWP) has laid the draft Pension Dashboards (Amendment) Regulations 2023 before each House of Parliament for approval. Neither house has set a date to debate and approve the regulations. The regulations will apply to England, Scotland and Wales.

- 13.3. The draft regulations remove the phased staging timeline, replacing it with a single connection deadline of 31 October 2026. The regulations will allow the DWP and the Money and Pensions Service (MaPS) to issue guidance setting out a staged connection timeline for individual schemes, to which the Fund must have regard. MaPS aim to collaborate with industry on this guidance later this year.
- 13.4. As a consequence of the above, the Pensions Regulator (TPR) has amended its dashboard guidance and expects pension funds to continue to prepare for dashboards to:
- assess the potential impact of these changes on the fund and to agree a practical delivery plan
  - continue activity on getting to grips with members' data, and
  - avoid competing demands on capacity and other resources.
- 13.5. The fund is working on creating its own delivery plan to meet the new timescales.

#### **14. SCAPE discount rate and impact to actuarial factors**

- 14.1. On 30 March 2023, the Chief Secretary to the Treasury issued a written ministerial statement that announced that the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate had been reduced to a real rate of 1.7% per annum above CPI, from the previous real rate of 2.4% per annum. Although this change does not impact contribution rates for the LGPS, set as part of a triennial actuarial valuation exercise, in the same way it impacts employer contribution rates in the other, unfunded, public-sector schemes, there will be an impact on the LGPS given the SCAPE rate is used by GAD to set actuarial factors, which will impact early retirements / transfer values etc.
- 14.2. Certain member calculations had to be suspended whilst factors were reviewed by GAD, which had administrative implications for the fund. However, the first tranche of factors have now been received and updated on the pension fund's administration system and the pension team now has to work through the backlog of requests impacted. Two further sets of factors, including the early payment reduction factors are expected over the summer months.

#### **15. Update from Scheme Advisory Board (SAB) meeting held on May 22 2023**

- 15.1. The SAB last met on 22 May 2023 and the agenda can be found [here](#).
- 15.2. The Board discussed:
- Consultations
  - Risk register
  - Guidance

- 15.3. Pension Board members can read a detailed summary of the meeting on the Board updates page of the SAB website. The SAB board meetings page includes full details of the meeting and agenda papers.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Pensions Committee Meeting 23 June 2023 Pensions Administration Report

Pensions Board Meeting 9 May 2023 Administration and Regulatory updates

**Cabinet Member (Portfolio Holder)**

N/A

**Local Member**

N/A

**Appendices**

None



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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