



Committee and Date

Pensions Board

14 October 2022

PENSIONS BOARD

Minutes of the meeting held on 8 July 2022

In the Wilfred Owen Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

10.00am – 10.55am

Responsible Officer: Michelle Dulson

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

Present

Member Representatives

John Hall

Mike Morris (virtual)

Dave Wright

Employer Representatives

Helen Woodvine

This meeting was not quorate however as no decisions were being made it was agreed to proceed.

1 Election of Chairman

It was moved, seconded and

RESOLVED:

That Dave Wright be elected Chairman for this meeting.

2 Apologies

Apologies were received from Clare Charlesworth-Jones and Liz Furey.

3 Declarations of Conflicts of Interest

No conflicts of interest were declared.

4 Minutes of the previous meeting

The Board received the Minutes of the meeting held on 29 April 2022.

5 Public Question Time

No public questions had been received.

6 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.

The Pensions Administration Manager explained that the latest administration and regulatory updates had been presented to the Pensions Committee at its meeting on 24 June 2022 but that she had included the additional items that had come through since in this report.

The Pensions Administration Manager referred to the Scheme Advisory Board Annual report that had recently been published which was almost two years out of date because the information collected was from 2021. She drew attention to some of the statistics including the growth in fund membership, the increase in the size of the fund and how many employers were growing within the fund. Everything therefore reflected what was happening in Shropshire. At the moment it seemed to be running along the lines of the national picture.

She drew attention to the PLSA research project that had recently been published. Although it did not suggest any answers, it actually pulled together all of the issues and challenges across the LGPS.

Referring to the Administration and Regulatory update report that was considered by the Pensions Committee at its last meeting, a query was raised as to the performance of the team. In particular, paragraph 7.2 which referred to the year-end member data submitted to the fund and paragraph 7.3 which referred to data cleansing. It was queried whether there was anything outstanding on that data.

In response, the Pensions Administration Manager reported that currently they had had all of the year end submissions of the data from all of the employers however there were still a couple of employers that had not submitted their reconciliation reports. She explained that under the legislation they needed to have had everything by the end of June. She reported that they were now in a position where they could chase the employers for those outstanding records because they were in contravention of the rules. She went on to explain that the data was still being cleansed and that all employers were being chased for the information required for the valuation. There were currently 700 unprocessed leavers, of which 70 needed to be chased for their leavers documentation in order to have a deferred benefit calculation.

She explained that the council had a good working relationship with its employers and that all data was usually robust although they did need to

chase a few and these were monitored for their breaches and chased as necessary.

In response to a query, the Pensions Administration Manager explained that it was resolvable as far as benefits for the individual were concerned as they would get that information from the employers and if it was not resolvable by the following week when the data needed to be sent to the Actuary, this may have an impact on the employers' contribution rate, and this had been communicated to all employers to ensure they were aware and could put additional resources into that area.

Turning to paragraph 7.5 of the Committee report, a query was raised in relation to the annual pension increase, the issues that arose during this year's exercise and the lessons that were learnt from it. In response, the Pensions Administration Manager explained that the lessons learnt were more about the process and whether it was as robust as it should be, whether it ensured that any changes to the system were picked up etc.

She explained that the pensions increase had been affected by the pension reconciliation and rectification exercise that had been undertaken the previous year and there had been some changes in the software which hadn't been picked up on to ensure that the processes on the system were calculated in the way they should be. This was picked up when the increase was run through a test system first however, this should have already been known about. This issue had been addressed by the appointment of a project manager within the team so it would be managed by one person engaging with all three teams across the whole of the Pensions Administration team.

Member noted the contents of the report.

7 Pensions Committee Reports and Feedback

The public reports considered by the Pensions Committee at its meeting on 24 June 2022 had been received by the Board.

Members commented on the presentation from Mercers on actuarial valuations which was felt to be very useful and it was suggested that this be discussed/re-presented at the next quorate meeting of the Board. The explanation around inflation on existing and future pensions, really posed the question about whether the fund could cope in these extreme conditions, extreme inflation, extreme increase to pensioners along with the current problematic markets.

In response, the Head of Treasury and Pensions explained that the update on the valuation had been received six or seven months ago by the Committee so it was felt a good idea to have a refresher session for the

newer members of the Committee so they could go through the process (which took place every three years), and one of the things that had fundamentally changed since the last time, due to the war in Ukraine and Russia was the increase in inflation to around 9%. However, with the valuation, the Committee were looking over the long term, the next 20-25 years so although there would be a short-term impact and increasing interest rates, that would all be factored in but the Committee were looking over the longer term.

Concern was raised that some Members of the Pensions Committee were not regularly attending meetings despite there being substitutes. In response, the Head of Treasury and Pensions reported that Telford & Wrekin Council were awaiting their Cabinet meeting in July to nominate their Members onto the Committee.

8 Date of Next Meeting

The next meeting of the Pensions Board would be held on the 14 October 2022 at 10.00am.

9 Exclusion of Press and Public

RESOLVED:

That in accordance with the provisions 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.

10 Exempt Minutes (Exempted by Category 3)

The Board received the Exempt Minutes of the meeting held on 29 April 2022.

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

The exempt reports considered by the Pensions Committee at its meeting on 24 June 2022 had been received by the Board.

12 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 2021 affecting the Shropshire County Pension Fund. Updates on all other governance issues were also included within the report.

Members noted the contents of the report.

Signed (Chairman)

Date: