

Annual Report of the Bedfordshire Local Pension Board – 2021/2022

1. Constitution, Representation and Attendance

- 1.1 The Bedfordshire LGPS Local Pension Board ("the Board") was constituted under the Public Service Pensions Act 2013. As such, the Board is not a Committee of Bedford Borough Council (the Council).
- 1.2 It held its first meeting on 25 June 2015. It consists of four representatives of the Scheme employers, and four representatives of the Scheme members, all of whom are voting members. Nominated substitutes are allowed. A non-voting Independent Chair has been appointed. As at 31 March 2022, a vacancy existed for a scheme member representative.
- 1.3 The Board met on five occasions during the year, on 13 May, 2 September and 21 November in 2021, and on 27 January 2022, which was re-convened on 16 February 2022. Overall attendance during the year was 64%, significantly affected by the above vacancy, which should be filled soon after the year end. Individual attendance records are shown in the Appendix.
- 1.4 Board meetings are open to the public, other than when considering exempt items. During the year, meetings were held virtually and streamed live on YouTube to facilitate public participation. The Board is empowered to continue with virtual or hybrid meetings should it so choose.
- 1.5 To facilitate the operation of the Board, the Chair is invited as an observer to meetings of the Pension Fund Committee ("the Committee").

2. Functions and Operation of the Board

- 2.1 The two primary functions of a Local Pension Board (LPB) are to assist the Administering Authority to:
 - ensure effective and efficient governance and administration of the LGPS;
 - ensure compliance with relevant laws and regulations.

To help achieve this, under Regulation 106 (8) of the LGPS regulations 2013, “a local pension board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions”.

- 2.2 It therefore has a monitor/assist/review/scrutinize purpose, rather than being a decision-making body. It could be seen as being a critical but supportive friend. It sets its own agenda, and can be selective and probe particular topics in more depth than the Committee, which has a wider range of statutory responsibilities and decision-making. As such, the general approach of the Board is to seek assurances with evidence from the Fund and external bodies, that it is meeting its objectives, producing its required statements, managing its risks, etc. so as to achieve the overall objectives as set out in paragraph 2.1 above. It can and does commission its own reports, and where appropriate, makes recommendations to the Committee and to officers.
- 2.3 In so doing, the Board is helping manage the reputational risk of both the Fund and the Administering Authority. This is more critical now that the LGPS in England and Wales has both the Department for Levelling-Up, Housing and Communities (DLUHC) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, can be fined by TPR, who also has other powers available should breaches of the law and unacceptable standards occur.
- 2.4 The Board is supported by the Board Secretary and operates under Terms of Reference which were initially agreed by Council in March 2015. Terms of Reference are reviewed annually. On 7 February 2018, the Council accepted recommendations from the Committee to make various revisions, including the desire to appoint an Independent Chair. The Council agreed further revisions on 13 January 2021. The url for the current Terms of Reference is shown in paragraph 7.1. These are subject to Annual Review by the Board. Other information regarding the Pension Board can be located from that web page.
- 2.5 In 2021/22 the direct costs of operating the Board amounted to £15,718, mainly relating to the costs of the provision of an Independent Chair. Training fees and expenses for Board members are also included. With Board meetings having been virtual during the year, travel expenses were minimal. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of the Council's premises, systems or services recharged to

the Fund by the Council. The Board seeks approval from the Administering Authority for its budget on an annual basis. Mindful of delivering value for money, the Board endeavours to work in a cost-effective manner, as its costs are reflected in employer contribution rates.

3. Detailed Work of the Board

3.1 Overview

- 3.1.1. This is the seventh Annual Report produced by the Board, and the fourth written by the inaugural Independent Chair. Since their inception, Local Pension Boards have become increasingly visible, as have the expectations of both TPR and the Scheme Advisory Board (SAB), who may make direct contact with Board Chairs.
- 3.1.2. As such, Boards are in a continuous state of evolution. This has manifested itself in a number of ways. There is an increasing dialogue with and between Board members between formal meetings, and between the Board Chair and officers. There are also half yearly meetings between the Board Chairs of the Pensions Funds who are members of the Borders to Coast Pooling Partnership (BCPP).
- 3.1.3 As Board Chair, I formally present to the Committee an Executive Summary following each Board meeting indicating any specific recommendations made by the Board, with justifications, listing the assurances it has gained on behalf of the Committee, and covering any other matters considered to be relevant to the Committee.
- 3.1.4 To provide added value, Board meetings are now scheduled before Committee meetings. This change has enabled the Board to give detailed consideration to the process and procedural dimensions of proposed new policies, or with reviews of existing policies, such that observations and recommendations from the Board are then integrated into the final report to the Committee and thus are taken into account as part of its decision-making process.

The following reports to the Committee included observations and recommendations from the Board:

- Policies for reporting Breaches of the Law to the Regulator
- Employer Flexibilities Policy & Funding Strategy Statement
- Governance Policy Review

The Board takes much satisfaction from its role as a sounding board for the consideration of the processes inherent in developing new policies or reviewing existing policies and statements.

Other recommendations included minor modifications to the Triennial Valuation training plan and to the Boards' Terms of Reference, and changes to the Risk Register (paragraph 3.2.2).

In addition, eighteen assurances were gained.

The Pensions Regulator expects Boards to be in a position, if necessary, to challenge the Administering Authority on any decisions made. There were no such cases during the financial year 2021/2022.

- 3.1.5. The main elements of the work programme of the Board are governance, and oversight of the pensions administration function, which is run by an in-house team. A detailed and wide-ranging quarterly administration performance report is scrutinised at each ordinary meeting of the Board, comparing actual performance against both best practice and regulatory deadlines. Particular scrutiny has been given during the Covid-19 pandemic to the focus on the priority tasks, and the adequate resourcing of the Administration Team, including succession planning.
- 3.1.6 Amongst other objectives, the Board is endeavouring to help manage the reputational risk of the Fund. Such a focus seeks assurances that the Fund is complying with its responsibilities, obligations and expectations. The Board is mindful that all scheme employers need similarly to comply, as their complete, accurate, timely and secure supply of information and data is critical. Provision of such quality data prevents a chain reaction of poor key performance indicators, breaches of the law, inaccurate payment of pensions, inaccurate employer contribution rates and inappropriate investment decisions. The roll-out of access by scheme employers to the i-Connect facility should further improve data quality and reliability.

3.2 Risk management

- 3.2.1 The Pension Fund Committee owns the Risk Register. The Board's views on the Risk Register are sought as part of the governance of Pension Fund risks. The detailed assessment of the likelihood of each risk occurring and its impact had been judged in the light of the existence of the Board as an additional scrutiny resource. Review of the Risk Register is now a standing item at Board meetings. The Board has completed its first review of the full cycle of the Risk Register and controls, and now re-focusses on a specific section at each meeting. The Board also endeavours to identify new risks. The Risk Register, which is seen as a working document.
- 3.2.2 During the year, the Board made various recommendations regarding the Risk Register. These included adding the Pensions Administration Strategy as a control, implementing a fast-track process for considering and where appropriate reporting breaches of the law to TPR. The Committee agreed to these suggestions.

3.3 The Pensions Regulator (TPR)

- 3.3.1 The Pensions Regulator examines the Scheme on an ongoing basis and has, for example, highlighted delays across LGPS Funds in producing Annual Benefit Statements (ABS). The Board was pleased to note that BPF once again produced its ABS by the due date, notwithstanding ongoing disruption due to Covid-19. Nevertheless it continues to seek assurances that the next set of ABS's will once again be delivered on time.
- 3.3.2 The Board undertakes an annual review of the Fund against the standards and expectations as reflected in TPR's Code of Practice 14, on a red, amber, green basis: RAG. The assessment identifies areas in which the Fund needs to make improvements. The Board considers certain areas of the Code at any one time. No areas have red status. The Board studies and makes recommendations on amber items but would also challenge those areas assessed as "green", so seeking on-going assurance that the evidence supports each assessment. An interim review of any area of the Code is undertaken should circumstances so require.
- 3.3.3 The Board monitors TPR's annual review of its priorities, and studies its guidance, intervention reports and the reasons behind any fines it levies, and

reflects these when setting its agenda setting. A particular focus of TPR is cyber security and pension scams, which have featured appropriately on Board agendas.

- 3.3.4 The Board continues to be mindful of TPR's Scheme Annual Return, which is a statutory, factual document to be returned within a set deadline, with which Bedfordshire complied. The return shows percentages for completeness and accuracy of "common data" and "scheme specific data". Using 2018/2019 data as a baseline, TPR measures and seeks annual improvements in data quality. Bedfordshire's scores were: common data - a 2021 score of 95.9% (2020 95.4%) and scheme specific data - a 2021 score of 97.1% (2020 96.8%). Whilst data quality for Bedfordshire is at a high level, nevertheless a Data Improvement Plan remains in place, which the Board reviewed in October.

3.4 Reporting and Recording Breaches

All breaches of the law are recorded. The Board, and all associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of law to TPR. The Board reviews any breaches of the law as a standing item on its agenda. During 2021/2022, as far as the Board was aware, no breaches were reported to TPR.

Regarding a previous breach reported in 2020/2021, the case has now been closed by the Regulator. However, as a result of an internal review of that case, a more pro-active and integrated approach is now being taken to all breaches which have the potential to become reportable.

3.5 Scheme Advisory Board (SAB)

- 3.5.1. The Board monitors the focus and priorities of the SAB, takes them into account in setting its Work Programme, and also receives minutes of SAB meetings.
- 3.5.2. The SAB commissions periodic surveys of local pension boards. The postponed second survey, originally expected in 2019/20, is still awaited at the time of writing.

3.6 Review of Investment Issues

Whilst the vast majority of the Board's work programme focuses on administration and governance issues, investment issues are not ignored.

- 3.6.1 As is expected under the relevant Investment Regulations, the Board continues to monitor the on-going process for considering and developing an appropriate strategy for responsible investment.
- 3.6.2. The Board continued to receive updates on progress by Border to Coast Pensions Partnership (BCPP) regarding the pooling of investment assets. Representatives of the scheme members of the partner Funds observe the Joint Committee of BCPP and report back to scheme member representatives on partner Boards. The Pool has recently been accepted as a signatory of the Financial Reporting Council's new Stewardship Code.
- 3.6.3 The Board Chair participates, along with the other Board Chairs of the partner Funds, in half yearly discussion re aspects of governance and procedures with regard to the BCPP and the Joint Committee.
- 3.6.4 At its last meeting of the year, the Board considered the governance of the Pool.

3.7 Scheme and Council documents

- 3.7.1 The Board examines the range of scheme documents expected to be in place. It has reported where it found gaps or a need to update. The Board also checks that appropriate information regarding the Board is shown on the website.
- 3.7.2 The Board pays particular regard to those standard documents which are sent to scheme members and may make recommendations regarding their content.

4. Ensuring Compliance with Regulatory Deadlines.

- 4.1 An increasing component of the Board's agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of new legislation and regulations. In all

cases timely progress reports are received, so that the Board can consider whether any recommendations are needed to ensure that these deadlines are met.

- 4.2 The ongoing impact of the Covid-19 pandemic meant that pensions staff continued to work from home for the financial year. This brought significant challenges, yet BPF complied with the deadlines relating to producing Annual Benefit Statements for active members, Pension Savings Statements and the submission of the Scheme Annual Return to the TPR. Ongoing guidance from the Pensions Regulator was followed, resulting in some tasks of less urgency missing their deadlines as a means of ensuring that the most critical deadlines for scheme members were met. The Board recognised that these consequential over-runs were not of material significance to the Regulator. Home-working also had implications for the various elements of the risk register, including data security, staff welfare, and key person risk, all of which were monitored by the Board.
- 4.3 The Pension Fund Annual Report and Accounts for 2020/2021 were published by the due date, with the Audit Certificate following shortly after, for reasons beyond the control of the Pension Fund.
- 4.4 The Board continues to review and challenge on-going compliance in areas such as the General Data Protection Regulation (GDPR) and cyber security guidance.

5. Board Self-Assessment

- 5.1 Following a dedicated training event, the Board undertook a self-assessment of its performance as a means of identifying how it could optimise the use of its time and add more value to Officers and to the Pension Fund Committee via improving outcomes.
- 5.2 In overall terms the Board felt it was achieving its objectives, but considered there was merit in pursuing a number of ideas.

6. Training

- 6.1 Each Board member must be conversant with the details of the Scheme, which translates as having a good working knowledge. The training policy for Board members is based on an individual training needs analysis and is therefore being individually tailored. This allows use of both the CIPFA Framework and TPR Toolkit. In addition, Board members are informed of external training opportunities such as CIPFA Pensions Network events and the annual LGA/LGPSTrustees Conference.
- 6.2 Board members are encouraged to attend at least two LGPS-focussed seminars/conferences each year.
- 6.3 On occasions Board members are invited to training provided for Committee members. New Board members receive one to one training with the Board Chair on appointment. In addition, all new Board members attend the three-day LGA Fundamentals course.
- 6.4 A specific training session is sometimes provided immediately before the Board considers a particular topic. In October, a description of the relevant procurement procedures preceded a discussion on the details of the contracts held by the Fund and the timing of renewals. Also, as indicated in paragraph 3.6.4, training information on the governance of the BCPP preceded a board discussion.

7. Work plan

- 7.1 The work plan for 2022/2023 covers the separate activity areas of:
- Pension Fund Annual Report and Accounts
 - administration, including Key Performance Indicators, the Data Improvement Plan and, potentially, Value for Money studies
 - audit and risk management, including the Risk Register
 - governance; including conflicts of interest, recording and if appropriate reporting breaches, and compliance with TPR's Code of Practice 14
 - specific training on the proposed Single Code of Practice of TPR and consideration of how the Board continues to monitor compliance

- monitoring the direction, outcomes and guidance from both TPR and SAB
- investment processes, including developments with the BCPP, covering implications for Administering Authorities
- monitoring developments in responsible investment, including the further requirements under the new Stewardship Code and potential legislation for managing the monitoring of the financial and non-financial implications of climate change from the perspective of the Pension Fund (the Task Force on Carbon-related Financial Disclosures – TCFD).
- oversight of the implications and implementation of the anticipated statutory guidance on the Good Governance proposals
- compliance with external deadlines
- training
- member communications including awareness of pension scams
- monitoring preparation for the Triennial Valuation 2022
- participating in and learning from relevant surveys, e.g. of SAB and TPR.
- lessons learned from the Covid-19 pandemic
- Pension Fund Business Plan
- transition to the appointment of new Chair of the Board

7.2 There is flexibility to allow for any additional reviews and developments.

8. Public accountability

8.1 As well as being open to the public, other than for occasional excluded items, the agendas, minutes and the Board's Terms of Reference are available on the Authority's website at the following address:

https://www.bedsensionfund.org/Fund_information/pension_board/pension_board.aspx

The Chair of the LGPS Local Pension Board wishes to thank his Vice-Chair Cllr Blair and fellow Board members who have volunteered their time and energies in their roles. Grateful thanks are also expressed to the Board Secretary, the Chief Officer for

Bedfordshire Pension Fund, the Pensions Manager, the Chair of the Pension Fund Committee, Democratic Services and other support officers.

As I am soon to complete my term of office, this is my final Annual Report. It has been a privilege to serve in this role, which I have thoroughly enjoyed, and I send my best wishes to my successor.

A handwritten signature in black ink, appearing to read 'Gerard Moore', with a long horizontal stroke extending to the right.

Gerard Moore
Independent Chair
Bedfordshire LGPS Local Pension Board

3 May 2022

APPENDIX

Attendance at Pension Board Meetings 2021/2022

Board Member	13 May 2021	2 Sept 2021	21 Nov 2021	27 Jan 2022	16 Feb 2022
Stephen Moon: (Employer Representative, - Bedford Borough Council): to 27 Jan 2022	✓	✓	✓	X	N/A
Hilde Hendrickx: (Employer Representative, Bedford Borough Council) from 28 January 2022	N/A	N/A	N/A	N/A	✓
Mike Blair (Employer Representative - Central Bedfordshire Council)	X	✓	✓	✓	X
Jacqui Burnett (Employer Representative - Luton Borough Council)	X	✓	✓	✓	X
Stuart Goodwin (Employer Representative – Bedfordshire Police)	✓	✓	X	✓	✓
Martin Foster (Member Representative - GMB)	✓	✓	✓	X	✓
Kiran Mal (Member Representative - UNISON)	X	✓	X	✓	X
John Wallace (Member Representative)	✓	✓	✓	X	✓
Member Representative (vacancy)	X	X	X	X	X
Overall attendance, including non-voting Chair 64%	56%	89%	67%	56%	56%

All meetings were attended by the Independent Chair.