

Annual Report of Bedfordshire LGPS Pension Board for 2020/2021

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.
- 1.3 The Board met on five occasions during the year, on 28 May, 10 June, 23 July, 10 November 2020, and 28 January 2021. Overall attendance during the year was 87%, an improvement from the 74% attendance the previous year. 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, all meetings were held virtually and streamed live on YouTube to facilitate public participation.
- 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.
- 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 Ministry of Housing, Communities and Local Government (MHCLG) 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.
- 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. Other information regarding the Pension Board can be located from that webpage.
- 2.5 In 2020/21 the direct costs of operating the Board, covering travel and training expenses relating to Board members and the fees and expenses of the Independent Chair amounted to £16,000. 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 sixth Annual Report produced by the Board, and the third written by the 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), which now 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. During the year a total of 11 recommendations were made and 19 assurances were gained. The Pensions Regulator expects Boards to be in a position, if necessary, to challenge the Administering Authority on any decisions

made. During the year an issue of concern was expressed regarding one aspect of a Committee decision and was satisfactorily resolved. Board meetings are now scheduled before Committee meetings, which, for certain reports, procedures and draft statements, allows any observations and recommendations from the Board to be considered prior to the Committee reaching its decision. This provides added value.

- 3.1.4. 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 Board meeting. The Board has requested a few minor presentational improvements to help its understanding. Regularly reviewing the performance of the administration function, and probing when certain tasks appear to be missing targets, helps the Board appreciate the need to prioritise and achieve the basic key objective of accurate and timely payment of pensions at times when the workload is subject to a spike in volume.
- 3.1.5 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. Examples are identified in paragraph 3.2.2. Where appropriate, these reviews are extended to ensure that all scheme employers are similarly complying, 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 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 now refocusses on a specific section at each meeting. The Board also endeavours to identify new risks.
- 3.2.2 During the year, the Board made various recommendations regarding the Risk Register. Two new reputational risks were identified, relating to any delay in signing up to the 2020 Stewardship Code, and failure to comply with expected MHCLG statutory guidance on Good Governance. In addition, three additional risk controls were identified. The Committee agreed to incorporate these suggestions into the Risk Register, which is seen as a working document.

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's). The Board was pleased to note that BFP once again produced its ABS's by the due date, notwithstanding disruption due to Covid-19, but nevertheless 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. 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, which has featured appropriately on Board agendas, with a recommendation made that appropriate training is given to Committee and Board members.
- 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 2020 score of 95.4% (2019 95.7%) and scheme specific data - a 2020 score of 96.8% (2019 96.7%). Whilst data quality for Bedfordshire is at a high level, nevertheless a Data Improvement Plan remains in place, which the Board will continue to monitor as a key part of its Work Programme.

3.4 Reporting and Recording Breaches

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 2020/21 recorded breaches by one employer were deemed to be of material significance to the TPR, and were therefore formally reported to the Regulator by the Administering Authority. These breaches involved late payment of the employer's and of scheme members' contributions. The Board had concurred that the breaches were material enough to be reported. At the time of writing, there has been no specific feedback from the Regulator.

Following this experience, the Board recommended that the process for the timely full assessment of four specific criteria, and, where necessary, the reporting of material breaches, be reviewed, to ensure it was fit for purpose.

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 survey scheduled for 2019/20 was postponed and 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 expected under the relevant Investment Regulations, the Board continues to monitor the on-going consideration and development of an appropriate strategy for responsible investment, as reflected in the Fund's Investment Strategy Statement and noted BPF's Tier 1 status as a Responsible Investor under the previous 2012 version of the Stewardship Code. The Board welcomed the decision to establish a Responsible Investment sub group and noted the more challenging requirements for asset owners who sign up to the updated 2020 Stewardship Code.
- 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.
- 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 January meeting, the Board reviewed on-going compliance with the LGPS (Investment and Management of Funds) Regulations 2016. In addition, the requirements of MiFID II are kept under review, particularly should there be any changes of key staff, with a consequential loss of investment expertise.

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 Annual requirements include producing Annual Benefit Statements for active members, Pension Savings Statements, the submission of the Scheme Annual Return to the TPR and publication of the Pension Fund Annual Report and Accounts. BPF complied with these deadlines.
- 4.3 The impact of the Covid-19 pandemic led to pensions staff having to work from home for the financial year. This brought significant challenges in order to comply with the primary targets of paying pensions accurately and on time, and producing Annual Benefit Statements and Pensions Savings Statements by the statutory deadlines. Guidance from the Pensions Regulator was followed, resulting in some tasks of less urgency missing their deadlines as a means of ensuring that the critical deadlines for scheme members were met. The Board recognised that these consequential over-runs were not of material significance to the Regulator. The move to home-working due to the pandemic 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.
- 4.4 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 Training

- 5.1 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/LGPS Trustees Conference.
- 5.2 Board members are encouraged to attend at least two LGPS-focussed seminars/conferences each year.
- 5.3 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.
- 5.4 A specific training session is often provided immediately before the Board considers a particular topic. These can be formal or informal.

6 Work plan

- 6.1 The work plan for 2021/2022 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 Consolidated Code of Practice of the Pensions Regulator and consideration of its impact on 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 Stewardship Code and potential legislation for managing the implications of financial and non-financial implications of climate change from the perspective of the Pension Fund
- oversight of the implications of the anticipated statutory guidance on the Good Governance proposals
- compliance with external deadlines
- training
- member communications
- 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
- a self-assessment of the Board's performance

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

7 Public accountability

7.1 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.bedspensionfund.org/fund_information/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. Thanks are also expressed to the Board Secretary, the Chief Officer for Corporate Finance & Pensions, the Pensions Manager, the Chair of the Pension Fund Committee, Democratic Services and other support officers.

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

14 May 2021

APPENDIX

Attendance at Pension Board Meetings 2020/2021

Board member	Attendance 28 May 2020	Attendance 10 June 2020	Attendance 23 July 2020	Attendance 10 Nov 2020	Attendance 28 Jan 2021
Stephen Moon (Employer Representative - Bedford Borough Council)	Yes	Yes	Yes	No	Yes
Mike Blair (Employer Representative - Central Bedfordshire Council)	Yes	Yes	No	Yes	Yes
Jacqui Burnett (Employer Representative - Luton Borough Council)	Yes	No	Yes	Yes	No
Stuart Goodwin (Employer Representative – Bedfordshire Police)	Yes	Yes	Yes	Yes	Yes
Martin Foster (Member representative - GMB)	Yes	Yes	No	Yes	No
Kiran Mal (Member Representative - UNISON)	Yes	Yes	Yes	Yes	Yes
John Wallace (Member Representative)	Yes	Yes	Yes	Yes	Yes
Frances Bowler / Tim Wyatt (Member representative)	Yes	Yes	Yes	Yes	Yes
Percentage of board members attending each meeting	100%	89%	78%	89%	78%

All meetings were attended by the Independent Chair. Overall attendance, including non-voting Chair: 87%