

Annual Report of Bedfordshire LGPS Pension Board 2022/2023

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 The first meeting of the Board took place 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 four occasions during the year, on 12 May 2022, 28 July 2022, 20 October 2022 and 8 February 2023. Overall attendance during the year was 86%. 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, the meetings on 12 May and 28 July were held virtually and streamed live on YouTube to facilitate public participation. The meetings on 20 October and 8 February were held in Borough Hall, and were also streamed live on YouTube. The Board is empowered to continue with virtual or hybrid meetings.
- 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 Therefore, the Board has a monitor/assist/review/scrutinise 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 has the opportunity to be selective and to 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 the Fund is meeting its objectives, producing the required statements and managing risks. The Board can commission its own reports and make recommendations to the Committee and to Officers.
- 2.3 In so doing, the Board is helping to 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, which 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. The 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 current Terms of Reference and other information regarding the Pension Board can be located on the website.
- 2.5 In 2022/23 the direct costs of operating the Board amounted to £10,362, mainly relating to the costs of the provision of an Independent Chair, training fees and expenses for Board members. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of 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 eighth Annual Report produced by the Board. 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 closer working relationship between the Committee and the Board. There are also half yearly meetings between the Board Chairs of the Pensions Funds who are members of the Border to Coast Pension Partnership (BCPP).
- 3.1.3 As Board Chair, I attend the Committee to discuss any recommendations from the Board.
- 3.1.4 Board meetings are scheduled before Committee meetings to enable the Board to give detailed consideration of the process and procedure 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 the decision-making process.

The Board takes satisfaction from its role as a sounding board in developing new policies and reviewing existing policies and statements.

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 2022/2023.

- 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. Consideration is given to the focus on the priority tasks, and to the adequate resourcing of the Administration Team, including succession planning.
- 3.1.6 Amongst other objectives, the Board endeavours 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 have a responsibility to provide complete, accurate, timely and secure information and data. 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 is assessed in the light of the existence of the Board as an additional scrutiny resource. Review of the Risk Register is a standing item at Board meetings and

the Board can make recommendations to the Committee to amend the Risk Register. Any recommendations from the Board are usually accepted by the Committee. The Board endeavours to identify new risks and the Risk Register 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). The Board was pleased to note that BFP once again produced its ABS by the due date.
- 3.3.2 The Board undertakes an annual review of the Fund against the standards and expectations as reflected in TPR 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, reflecting these issues when setting the Board agenda. 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 document which Bedfordshire Pension Fund completed within the statutory deadline. The return shows percentages for the 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. Data quality for Bedfordshire is at a high level and a Data Improvement Plan is in place, which is reviewed by the Board.

3.4 Reporting and Recording Breaches

All breaches of the law are recorded. The Board, and everybody 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 the agenda. During 2022/2023, as far as the Board was aware, no breaches were reported to TPR.

3.5 Scheme Advisory Board (SAB)

- 3.5.1. The Board monitors the focus and priorities of the SAB and takes them into account in setting the Work Programme.
- 3.5.2. The SAB commissions periodic surveys of local pension boards, the outcomes of which are reported to the Board.

3.6 Review of Investment Issues

Whilst the majority of the Board work programme focuses on administration and governance issues, there is some involvement in investment issues.

- 3.6.1 As is expected under the Investment Regulations, the Board continues to monitor the on-going process for developing strategies for responsible investment, and the reporting of delivery against those strategies.
- 3.6.2. The Board continues to receive updates on progress by Border to Coast Pension 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 been accepted as a signatory of the Financial Reporting Council Stewardship Code.
- 3.6.3 The Board Chair participates, along with the other Board Chairs of the partner Funds, in half yearly discussion regarding aspects of governance and procedures within BCPP and the Joint Committee.

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 As the regulatory burden imposed on pension schemes continues to increase, so an increasing component of the Board 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 deadlines are met.

- 4.2 The changing working patterns, which were given added impetus by the pandemic in 2020, have resulted in a significant increase in home working. The Board is keeping the potential implications of home working under review.
- 4.3 In line with the majority of Local Authorities in England, the Bedford Borough Council Accounts for 2021/2022, which incorporate the Pension Fund Annual Report and Accounts, have not yet been signed off by the Auditors, 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 has previously undertaken 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. In overall terms the Board felt that it was achieving its objectives. The Board will look to repeat this exercise.

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/LGPS Trustees 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 are offered the opportunity to receive one to one training with the Board Chair on appointment. In addition, all new Board members are offered the opportunity to attend the three-day LGA Fundamentals course.
- 6.4 A specific training session is sometimes provided immediately before the Board meeting to consider a particular topic.

7. Work plan

7.1 The work plan for 2023/2024 covers the separate activity areas of:

- Pension Fund Annual Report and Accounts
- administration, including Key Performance Indicators and the Data Improvement Plan
- audit and risk management, including the Risk Register
- governance; including conflicts of interest, recording and, if appropriate, reporting breaches, and compliance with TPR Code of Practice 14
- specific training on the General Code, expected to be introduced by TPR during 2023, and consideration of how the Board continues to monitor compliance
- monitoring guidance from both TPR and SAB
- monitoring delivery and reporting by BCPP which has implications for Administering Authorities
- monitoring developments in responsible investment, including requirements under the new Stewardship Code, and reporting requirements in line with the recommendations of the Task Force on Carbon-related Financial Disclosures – TCFD, which are likely to be implemented during 2023/2024.
- oversight of the implications and implementation of the anticipated statutory guidance on the Good Governance proposals which may be implemented during 2023/2024
- compliance with external deadlines
- training
- member communications
- Pension Fund Business Plan

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 Terms of Reference are available on the Bedford website at the following address:

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

As the recently appointed Chair of the LGPS Local Pension Board I wish to thank the 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. I also wish to thank my predecessor as Chair, Gerard Moore, for the exemplary service he has provided to the Board for the previous four years.

Ian Coleman
Independent Chair
Bedfordshire LGPS Local Pension Board

8 May 2023

Attendance at Pension Board Meetings 2022/2023

Board Member	Meeting 12 May 2022	Meeting 28 July 2022	Meeting 20 Oct 2022	Meeting 08 Feb 2023
Hilde Hendrickx: (Employer Representative, Bedford Borough Council)	✓	✓	X	✓
Mike Blair (Employer Representative - Central Bedfordshire Council)	X	✓	✓	✓
Jacqui Burnett (Employer Representative - Luton Borough Council)	✓	✓	✓	✓
Stuart Goodwin (Employer Representative – Bedfordshire Police)	X	✓	✓	✓
Martin Foster (Member Representative - GMB)	X	✓	X	✓
Kiran Mal (Member Representative - UNISON) Leave from end of May 2022	✓	N/A	N/A	N/A
John Wallace (Member Representative)	✓	✓	✓	✓
Emma Payne (Member Representative)	X	✓	✓	✓
Nafia Baust (Member Representative Sub) from end of May 2022	N/A	✓	✓	✓
Ian Coleman (Independent Chair)	✓	✓	✓	✓
Overall attendance, including non-voting Chair 86%	63%	100%	78%	100%

All meetings were attended by the Independent Chair.