



South Tyneside Council

Local Pensions Board Minutes

23 October 2019

Present: Jim Woodlingfield (*in the Chair*), Councillor Pat Hay, John Pearson, Chris Sharkey, Nicholas Wirz and Phil Smith

John Rumney (Acting Head of Legal Services)
Ian Bainbridge (Head of Pensions)
Heather Chambers (Principal Pensions Manager)
Stuart Kenny (Ernst & Young)
Siân Forster-Purvis (Strategy and Democracy Support Officer)

Apologies: Mick Brodie and Tom Hunter

1. Declarations of Interest

J Woodlingfield, N Wirz, Councillor Hay, J Pearson, C Sharkey, P Smith, I Bainbridge, J Rumney, H Chambers and S Forster-Purvis declared non-pecuniary interests in all issues, as members of the Pension Fund.

C Sharkey also declared an interest as a member of Northumberland County Council Pension Fund.

They remained in the meeting for the discussion and determination of all matters.

2. Introductions

The Head of Pensions took the opportunity to introduce John Rumney, the Council's Acting Head of Legal Services. The Board welcomed John to the meeting and requested that he was present for the Board's pre-meeting going forward.

3. Minutes of 4 July 2019

Resolved: That the minutes of the meeting held on 4 July 2019 be confirmed as a true record.

4. Pension Fund Report and Accounts

Stuart Kenny from Ernst and Young LLP summarised the findings of their audit which had been undertaken on the financial statements of the Pension Fund. Ernst and Young had issued an unqualified audit opinion.

The Board felt that because of their remit, the Board should be mentioned within the report. It was noted that the report was governed by the Audit Standards Regulations and therefore made reference to those bodies charged with governance, in this respect, it was the Council's Audit Committee.

A discussion was held about the checks which the Council would undertake to ensure the independence of Ernest and Young. It was noted that this would be the responsibility of the Audit Committee, as the body charged with governance. The Head of Pensions agreed to check this with the Council's Section 151 Officer and to advise the Local Pension Board by email. A request was also made for the final Letter of Representation to be emailed to Board members.

Agreed: That (a) the Board note the report and (b) the final letter be sent to the Board for information.

5. Local Pension Board – Quarterly Report to Pensions Committee

Agreed: That the report be noted.

6. Local Pension Board Annual Report

Agreed: That the report be noted.

7. Work Programme for 2019/20

Submitted: Report of Legal Services

The Head of Pensions presented a report which detailed a range of items that the Board had agreed include on their work programme for the 2019/20 year.

Agreed: That the report be noted

8. Feedback from Meeting of Border to Coast Local Pension Board Chairs

The Chairman updated the Board on a recent meeting that had taken place between Border to Coast Local Pension Board Chairs.

The Chairman agreed to circulate notes from the meeting.

Agreed: That the update be noted.

9. Risk Management and Internal Audit

Submitted: Report of the Head of Pensions

The Head of Pensions detailed a report which set out the current position on the Fund level Risk Register.

Two risks were highlighted as case studies and discussed in detail for the Board.

It was agreed to amend the wording in F8 to reflect the provision for for regulatory change which was beyond the Funds' control

The Board had a discussion around the risk of climate change. It was noted that Climate Change was recognised as a significant financial risk in the Funding Strategy Statement and the Investment Strategy Statement. However, in the main risk register is was shown under ESG issues. The Board requested that a separate Risk around Climate Change be included in the risk register.

Agreed: That the report be noted.

10. Code of Practice 14 – Annual Report

The Principal Pensions Manager detailed a report which set out the background to the role of the Pensions Regulator and Code of Practice Number 14 – Governance and Administration of the Public Services Pension Schemes and the Fund's compliance against this code.

It acknowledged that the Pension Regulator had published its report entitled; Governance and administration risks in public service pensions:an engagement report. It was noted that the officers would review this report and provide updates back to the Board as appropriate.

The 2019 review of compliance against COP14, was largely undertaken internally, following an audit review the previous year. It was suggested that in order to provide a further level of scrutiny an external company

will be commissioned to review the Fund's compliance against the Code of Practice 14 in 2020.

The Board acknowledged that there was a good level of scrutiny of COP 14 and requested that the information on this formed part of the Board's annual Self -Assessment exercise.

Agreed: That (a) the report be noted, (b) the review of the Code of Practice 14, 2020 be undertaken by an external agency, (c) the review of COP14 be part of the Board's Annual Self-Assessment exercise and (d) the item be included as an Items Brought Forward.

11. Items Brought Forward and Future Agenda Items

Submitted: Report of the Head of Pensions

The Head of Pensions presented the report which detailed items brought forward from earlier meetings of the Board and listed future agenda items.

Agreed: That the report be noted.

12. Training for the Local Pensions Board

Submitted: Report of the Head of Pensions

The Head of Pensions detailed a report which set out a proposed ongoing training programme. A list of the suggested subjects to be covered in training was presented and the Board was requested to suggest further subjects to be covered in future training events.

The Local Pension Board provided feedback on the September 2019 training and considered further topics for consideration at the February 2020 training event and/or future training events.

Agreed: That (a) the report be noted, (b) the feedback received be noted, (c) the proposed topics for consideration at the training in February be noted;

13. Chairman's Urgent Items

There were no urgent items to discuss.

14. Resolution to Exclude the Public

Resolved: That the public be excluded from the meeting for the remainder of the agenda items as they involve exempt information as defined in paragraphs 1 to 7 of Schedule 12A of the Local Government Act 1972.

15. Breaches, Pension Processing and Management Information

Submitted: Report of the Head of Pensions

The Principal Pensions Manager detailed a report which set out matters concerning the reporting of breaches of the law in respect of pensions processing, individual employers and electronic systems.

There were no concerns around Breaches and the Board would continue to observe requirements related to reporting and take necessary steps as and when required.

In relation to Pension Processing, as at the end of September 2019, the outstanding active processes have fallen to the lowest level since 2014.

It was noted that a move to electronic processing had improved the Fund's performance overall and many new working practices had been introduced. Associated risks were monitored and regular reviews by Senior Officers of the Fund were in place.

The Board discussed the Fund's member website and some of the challenges faced with system access and availability since go live earlier in the year. It was noted that Fund is moving to an upgraded version in early 2020 and this will enhance user experience

The Panel welcomed the update and format of the report.

Agreed: That the reports be noted.

16. Scheme Employer Update

Submitted: Report of the Head of Pensions

The Head of Pensions updated the Board on matters concerning individual employers within the Fund.

The Board welcomed the update.

Agreed: That the report be noted.

17. 2019 Valuation Update

Submitted: Report of the Head of Pensions

The Head of Pensions updated the Board with the position on the valuation and summarised the decisions taken at the Pensions Committee on 26th September. The decisions were based on the

consensus reached at the training event in Edinburgh which involved the Board and the Committee.

The Head of Pensions also noted some proposed changes to the Funding Strategy Statement and highlighted that the Local Pensions Board had been consulted on these changes. The Board welcomed the report and unanimously agreed the changes highlighted.

Agreed: That (a) the report be noted and (b) the changes highlighted within the report be approved.

18. Pensions Committee Agenda and Minutes of 26 September 2019

The Board had received the full Pensions Committee Agenda for information.

The Head of Pensions took the Board through the items on the agenda..

Agreed: That the agenda, reports and minutes be noted.

19. Pooling of Assets - Update

Submitted: Report of the Head of Pensions

The Head of Pensions presented a report which detailed the Government's proposal to pool the Local Government Pension Scheme's Investments in England and Wales. The report provided an update on the progress.

Agreed: That the report be noted.

20. Review of Meeting and Report to Pensions Committee

A discussion took place on the issues raised at the meeting. It was noted that there were no issues of concern which needed to be raised with the Pensions Committee.

21. Date and time of next meeting

Agreed: That the next meeting of the Local Pensions Board would be held on Thursday 19 December 2019 at 10.30am
