



## South Tyneside Council

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### Local Pensions Board Minutes

28 March 2019

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

Mike Harding (Head of Legal Services)  
Heather Chambers (Principal Pensions Manager)  
Tom Morrison (Principal Investment Manager)  
Ian Blyth (Operations Team Manager)  
Stuart Kenny (Ernst & Young – item 3 – External Audit Plan 2018/19)  
Paul McCann (Principal Solicitor – item 11 – 2019 Valuation and Consultation on the Funding Strategy and item 12 Scheme Employer Update)  
Siân Forster-Purvis (Strategy and Democracy Support Officer)

Apologies: Mick Brodie

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#### 1. Declarations of Interest

**J Woodlingfield, N Wirz, P, Hay, M Harding, T Morrison, H Chambers, S Forster-Purvis and P Smith** declared non-pecuniary interests in all issues, as contributing members of the Pension Fund.

**T Hunter, J Pearson and C Sharkey declared** a non-pecuniary interest in all issues, as a recipient of a pension from the Pension Fund.

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

#### 2. Minutes of 19 December 2018

Resolved: That the minutes of the meeting held on 19 December 2018 be confirmed as a true record.

### **3. External Audit Plan 2018/19**

Stuart Kenny, from the external auditors, Ernst & Young, attended the meeting to update the Board on 2018/19 External Audit Plan.

The Board asked questions around the role of an external auditor and how they were regulated. It was noted that Ernst and Young had an open and honest working relationship with the Fund and no conflicts had been identified to date.

The Board were made aware that pooling had impacted upon funds nationally. Ernst and Young noted that they had met with Border to Coast and no significant risks had been identified for this year. Going forward, regular dialogue would continue with the Pool in order to gain the assurances required.

Agreed: That the report be noted.

### **4. Meeting dates 2019/20**

Submitted: Report of the Head of Pensions

The Principal Investment Manager presented the report which detailed proposed meeting dates for the Pensions Committee, the Investment Panel and Local Pension Board.

The meeting dates would not be finalized until May 2019 at the Council's Annual Borough Council Meeting, and any changes would be reported at future Board meetings.

Agreed: That the proposed meeting dates are noted.

### **5. Delegation of work from Pensions Committee**

Submitted: Report of the Head of Pensions

The report set out the areas that the Pensions Committee were looking to delegate to the Board. The areas below had been proposed as areas the Board could monitor on a quarterly basis:

- Risk Management and Internal Audit
- Monitoring of Scheme Employer Issues
- Pensions Processing
- Performance Monitoring around Pensions Processing

The Board would provide a short report each quarter to the Committee summarising the issues that had been looked at, and identifying any areas of concern.

Agreed: That the report be noted.

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## **6. Risk Management and Internal Audit**

The Principal Investment Manager presented a report which contained the current Risk Register.

The report highlighted minor changes to the methodology and definitions and the change to the ranking of one risk.

Agreed: That the report be noted.

## **7. Items Brought Forward and Future Agenda Items**

Submitted: Report of the Head of Legal Services

The report set out items from previous meetings that remained outstanding and laid out the current status of each issue.

Agreed: That the report be noted.

## **8. Training for Local Pensions Board Training**

Submitted: Report of the Head of Pensions

The report further detailed the scheduled training programme for 2019/20 and other relevant training issues.

It was highlighted that the recent training event had seen very good attendance from the Board.

The Training Policy would be presented to the next meeting of the Board.

Agreed: That the report be noted.

## **9. Chairman's Urgent Items**

There were no Chairman's Urgent Items.

## **10. 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.

## **11. 2019 Valuation and Consultation on the Funding Strategy**

Submitted: Report of the Head of Pensions

The Principal Solicitor detailed a report which set out the current position of the preparations for the 2019 valuation of the Fund. It

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was reported that the valuation would be undertaken as at 31 March 2019.

It was noted that any additional prudence built into the valuation would provide a greater degree of flexibility for the Fund in managing the position should there be periods when the funding level falls and the level of prudence needs to be relaxed.

The report described the discount rate and other assumptions to be used in the valuation. The Board discussed what this may mean for the Fund.

The Board was made aware that the Pensions Committee had agreed in principle the approach to setting deficit recovery periods for the 2019 valuation.

The Board welcomed the report and the preparations made to date for the 2019 valuation.

Agreed: That the report be noted.

***At this point in the meeting the Chairman agreed to change the order of the agenda***

## **12. Scheme Employer Update**

Submitted: Report of the Head of Pensions

The Principal Solicitor detailed a report which contained details of matters concerning individual employers in the Fund.

Agreed: That the report be noted.

## **13. Pensions Processing and Employer Monitoring**

Submitted: Report of the Head of Pensions

The Principal Pensions Manager detailed a report which updated the Board on pensions processing and the monitoring of individual employers.

The Board was informed that the outstanding active processes had increased during a period where they were expected to decrease. The main reason for this was that significant resources had to be deployed to support the Pensions Helpline with an unprecedented volume of calls following a communication to pensioner members advising them of the move to online annual updates.

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The Board queried whether the Pensions team is sufficiently resourced. They were assured that this is the case and that moving to online services will result in a reduction in calls. The issue would be closely monitored.

Agreed: That (a) the report be noted and (b) a report detailing the lessons learnt be presented to the next meeting of the Board.

#### **14. Breaches and the Role of the Regulator and the Local Pensions Board**

Submitted: Report of the Head of Pensions

The report updated the Board on matters concerning the reporting of breaches of the law in respect of pensions administration.

Compliance rates were reasonable and it was recognised that 100% would never be achieved, however, it was noted that performance was steadily improving.

The overall performance for the first nine months of the year was above the level achieved in 2017/18.

The Board welcomed the report and requested that two compliance targets were explained in more detail at the next meeting, as is done for the Risk Register items presented to the Board.

Agreed: That the report be noted.

#### **15. Pensions Committee Minutes – 1 February and 5 March 2019**

The minutes of the Pension Committee meetings held on 1 February and 5 March 2019 were received.

Agreed: That the report be noted.

#### **16. Pooling of Assets - Update**

The report detailed the latest position regarding the implementation of pooling Local Government Pension Funds' investments.

It was highlighted that following a selection process carried out by the scheme member representatives from the twelve Border to Coast funds local pension boards, Nicholas Wirz had been chosen as the Joint Committee scheme member representative. The

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substitute representative was Deirdre Burnet from Cumbria Pension Fund.

Agreed: That the report be noted.

**17. Review of Meeting and Report to Pensions Committee**

Agreed: That any ideas or suggestions should be forwarded to the Chairman.

**18. Date and time of next meeting**

Agreed: That the next meeting of the Local Pensions Board would be held on Thursday 4 July 2019 at 10.00am, subject to the date being agreed at Annual Council.

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