



South Tyneside Council

Local Pensions Board Minutes

21 December 2017

Present: Nicholas Wirz (*in the Chair*), John Pearson, Tom Hunter, Councillor Doreen Purvis and Mick Brodie

Also in attendance as an observer: Gerard Moore (Chairman, Northumberland Local Pensions Board)

Mike Harding (Head of Legal Services)

Ian Bainbridge (Head of Pensions)

Heather Chambers (Principal Pensions Manager)

Alan MacDougall (Managing Director, PIRC) – for item 12 only

Janice Hayward (Client Services Director, PIRC) – for item 12 only

Siân Forster-Purvis (Strategy and Democracy Support Officer)

1. Chairman's welcome

The Chairman welcomed everyone to the meeting and introduced Gerard Moore, Chairman of the Northumberland Local Pensions Board who was attending as an observer.

2. Declarations of Interest

N Wirz, I Bainbridge, M Harding, H Chambers and S Forster-Purvis declared non-pecuniary interests in all issues, as contributing members of the Pension Fund.

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

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

3. Minutes of 6 July 2017 and Notes of 18 October 2017

Resolved: That the minutes of the meeting held on 6 July 2017 and notes of the meeting held on 18 October 2017 be confirmed as a true record.

At this point the Chairman asked that Officers leave the meeting to enable the Board to discuss any issues without them present.

Officers re-entered the meeting.

4. Items Brought Forward and Future Agenda Items

Submitted: Report of the Corporate Director Business and Commercial Development

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

It was noted that the Board meet the Pensions Team at rising of the Board meeting in March.

One of the items on the brought forward list is a presentation on AVC's. Gerard Moore informed the Board that Northumberland had received a presentation from Prudential on AVCs and that it had been well received and extremely informative.

Agreed: That the report be noted.

5. Training Programme for the Local Pensions Board

Submitted: Report of the Corporate Director Business and Commercial Development

The Head of Pensions presented the report which detailed the training requirements of the Board.

The next training event for the Local Pension Board and the Committee was scheduled to be held on 26 - 28 February. Potential topics were highlighted and the Board was asked for their views and any other topics for future training.

It was noted that the impacts of GDPR could be significant and that there was a lot of work already being undertaken, training regarding this was welcomed by the Board.

Agreed: (a) That the report be noted, (b) that consideration be given to including the suggested topics in the training

event taking place in February, or at a future event if this is not possible.

6. Cost Transparency

Submitted: Report of the Corporate Director Business and Commercial Development

The Head of Pensions presented the report which detailed the regulatory and best practice environment for cost transparency in relation to investments made by LGPS Funds, and the approach taken by the Tyne & Wear Pension Fund.

The Fund was an early adopter of the CIPFA Code and guidance. The 2015/16 accounts fully disclosed the investment costs for all public and private markets managers, for both the 2015/16 and the comparative 2014/15 year. The Fund has been complying with the code from this time.

Agreed: That the report be noted.

At this point the Chairman agreed to change the order of the agenda.

7. Chairman's urgent items

There were no Chairman's urgent items.

8. 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.

9. Local Pension Board – Report to Pensions Committee

Submitted: Report of the Lead Officer

The Head of Legal Services presented the report which detailed a report submitted to the Pensions Committee covering issues that the Board asked to be raised.

It was noted that the Committee considered the points raised and the Board's request, however, the Committee voted unanimously to not amend the Governance Statement.

Whilst the Committee were not against the Board seeking advice, it was felt that the Board were appointed by the Council and no other

Council appointed body would be able to seek external legal advice without using the available internal resources in the first instance.

The Chair of the Board noted his disappointment and felt that there would be instances when independent legal advice would need to be sought and did not feel that this was appropriately covered in the Governance Arrangements.

It was noted that the Committee has provided a budget for the Board to commission advice, but actual expenditure against this needs approval from the Committee. This was covered in the governance arrangements. The Head of Pensions advised that any request to spend against this budget would not be unreasonably withheld. The Committee was happy to commission work from outside bodies, however, it was important that prior to commissioning any work it was clear what was being requested and the reasons for this.

The Head of Legal Services advised that he was also the Council's Monitoring Officer and responsible for ensuring that the Council, including the Pension Fund, act lawfully. It is therefore important that he should be informed if at any point the Pension Board considered that Council may not be acting lawfully in the administration of the Pension Fund.

The Chair of the Board noted that he would like to revisit this point at a later date.

The Board was reminded that the governance arrangements allowed the Local Board to escalate concerns to the Council's Audit Committee.

Agreed: That the report be noted.

10. Pooling of Assets - update

Submitted: Report of the Corporate Director Business and Commercial Development

Head of Pensions presented the report which detailed the latest position on the Government's proposal to pool the LGPS investments in England and Wales.

Agreed: That the report be noted.

11. Shared Services

Submitted: Report of the Corporate Director Business and Commercial Development

The Head of Pensions presented the report which detailed an update on the Shared Services/Joint Working initiative that the Fund had progressed with Northumberland County Council. A press release was to be published in January.

Agreed: That the report be noted.

12. Presentation: Pensions Investments Research Consultants (PIRC)

Alan MacDougall, Managing Director and Janice Hayward, Client Services Director PIRC detailed to the Board a presentation on the work they undertake and their role with pension funds.

PIRC acts as an advisor to the Local Authority Pension Fund Forum (LAPFF), which promotes good governance in listed companies and good stewardship from asset owners.

The Head of Pensions highlighted that the Fund had been a member of the LAPFF for a number of years and it had provided good service. The LAPFF conferences are considered to be different, engaging and thought provoking; the Fund and Board looked forward to continued working relationships.

Alan MacDougall noted that Tyne and Wear was in a group of funds that was more engaged with the LAPFF than most.

The Chairman thanked the individuals for their attendance and for the information given to the Board.

Agreed: That the presentation be noted.

13. Risk Management

Submitted: Report of the Corporate Director Business and Commercial Development

The Head of Pensions detailed a report which set out the current position on the Risk Register and the Internal Audit programme.

Agreed: That the report and its contents be noted.

14. Pensions Processing – Employer Monitoring

Submitted: Report of the Corporate Director Business and Commercial Development

The Principal Pensions Manager updated the Board on matters concerning the administration of pensions.

The Board were happy with the update and that things were on a positive path to being rectified.

Agreed: That the report be noted.

15. Electronic Processing and Communications Update

Submitted: Report of the Corporate Director Business and Commercial Development

The Principal Pensions Manager updated the Board on matters concerning electronic pensions processing and communications.

The report provided an update on the position in relation to Data Security, the preparation for the General Data Protection Regulations, processing via Bulk Data Import, proposals for the development of Employer Web Based Services and proposals for the development of Members' Web Services.

The Board welcomed the update and requested that regular updates remain on their agenda.

Agreed: That the report be noted.

16. Scheme Employer Update

Submitted: Report of the Corporate Director Business and Commercial Development

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. Breaches and the Role of the Regulator and the Local Pensions Board

Submitted: Report of the Corporate Director Business and Commercial Development

The Principal Pensions Manager detailed a report which set out matters concerning the reporting of breaches of the law in respect of pensions administration.

It was noted that compliance was an improving picture and an improvement plan was in place. The Fund measured itself against regulatory disclosure targets.

The Board would continue to review any breaches of the law and take necessary steps as and when required.

Agreed: That the report be noted.

18. Pensions Committee Agenda and Minutes of 24 November 2017

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

The Head of Pensions noted the following reports in particular:

- MIFFID II
- Corporate Governance Policy
- Review of AVC Provision
- Monitoring of the Funding Level; and
- Markham Rae

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

19. Update from the Scheme Administrator

The Board was advised that there were no items for information other than those covered elsewhere on the agenda.

Agreed: That the update be noted.

20. Working Groups Feedback

There were no updates to feedback.

21. Any Other Business

There were no items of any other business.

22. Gerard Moore, Independent Chair, Northumberland LPB was asked to provide his comments as an observer of the meeting

He welcomed the chance to attend the Board meeting and hear the issues raised. They were similar to those raised at his own Board meetings and noted that the timings were similar between the two.

He noted that the Board was working well in reviewing the Risk Register, and Breaches of the Law. He commented that Northumberland has recently reviewed Code of Practice 14. The

Head of Pensions noted that an audit of the Fund's compliance against this code had been commissioned and a report on the outcome would be brought to the Local Pensions Board at a future meeting.

23. Date and time of next meeting

Agreed: That the next meeting of the Local Pensions Board would be held on Thursday 29 March 2018 at 10.00am.