



South Tyneside Council

Local Pensions Board Minutes

11 December 2015

Present: Nicholas Wirz, Chris Sharkey, Mick Brodie, Jim Woodlingfield and John Pearson

Mike Harding (Head of Legal Services)

Stephen Moore (Head of Pensions)

Karen Connolly (Strategy and Democracy Officer)

Siân Forster-Purvis (Strategy and Democracy Support Officer)

1. Declarations of Interest

Nicholas Wirz, Chris Sharkey, Mick Brodie, Jim Woodlingfield and John Pearson Mr S Moore, Mr M Harding, Mrs K Connolly and Mrs S Forster-Purvis declared non pecuniary interests in all issues, as contributing members of the Pension Fund. They remained in the meeting for the discussion and determination of all matters.

2. Minutes of 2 October 2015

Resolved: That the minutes of the meeting held on 2 October 2015 be confirmed as a true record.

3. Matter Arising

The Chairman outlined the remit of the Panel. It was important that the Board assisted the Pension Administrator and complied with the legislation by the Scheme.

Agreed: Officers to discuss with the Pensions Committee to see if there were any areas of work the Board could undertake.

4. Update on Training Programme

The CIPFA Framework

The Board were reminded to complete and return the CIPFA Local Pension Boards – A Technical Knowledge and Skills Framework. Members were requested to complete and return the Framework by 31 December 2015.

Agreed: That the CIPFA self- assessment be completed by the end of December and sent electronically to the Chairman to submit to officers for analysis.

LGA Training Programme

The Board were informed that the LGA Training Programme was not as useful as first anticipated, however, an offer of in-house training was made.

Agreed: That the opportunity for in-house training options be explored.

5. Pensions Committee Agenda and Minutes of 4 September 2015

Submitted: Report of the Corporate Director Business and Resources

The Board received the full Pensions Committee Agenda for information.

The Head of Pensions took the Board through the Pensions agenda highlighting the following items with necessary actions:

- Item 4 – Training for Committee Members
A valuation focused training session was being arranged. It was anticipated to take place on 7-9 March 2016 in Edinburgh. As soon as the session was finalised the Head of Pensions would send details to the Board.
 - Item 5 – Pensions Administration
The Board were made aware of the current pension administration issues. It was felt that as a Board they needed to be aware of opportunities to influence decision makers.
 - Item 7 - Service Planning for 2016-19
The Board were updated on the Service Plan for the period 2016-19. The document was in the process of being finalised,
-

however, the Board was invited to feed into the document as they saw fit. The Board was informed that there had been a change of Auditor to Ernst Young and that they would meet with the Local Pensions Board should it be required. The Board welcomed the information and requested that the new Auditor be invited to the Boards meeting in March.

- Item 9 – Market Returns

The Fund valuation was due to take place in March 2016 and the area of Market Returns was one of concern. There was a hope that the markets would settle at the beginning of the New Year, however, it was an issue for the Board to be aware of.

- Item 12 – Government Consultation on Pooled Investments

The Board was made aware that the Government had sent out their consultation document around pooled investments. It was not yet clear as to a preferred option; however, Officers were looking at several ways forward. It was made clear that the Fund had some criterion when looking at potential pooled investment funds:

- Investment lead;
- A say in how the pool would be assessed;
- An in-house investment capability;
- Internal and external management mix; and
- A voice at the governance table i.e. one fund, one vote.

The Board were invited to observe the special meeting of the Pensions Committee to be held in January. The meeting would focus upon the issue of pooled investments.

- Item 14 –Funding Strategy

The Board were made aware matters of concern with regards to the funding strategy and individual employers within the Fund. The Board asked questions in relation to Academies and Admitted Bodies. When Academies apply to become an admitted body they are sent a detailed information pack, however, there can be a lack of engagement which means the Fund cannot move forward.

- Item 20 – Risk Management

The Board requested that the item come to the Board on a regular basis.

Agreed: That the update be noted and actions recorded as detailed above.

6. Public Services (Social Value) Act 2012

Submitted: Report of the Corporate Director Business and Resources

The Head of Pensions outlined the Fund's position in relation to the Public Services (Social Value) Act 2012.

The Council had considered the requirements of the Act. Prior to starting any procurement activity the instructing officer must consider the applicability of the Council priorities and include appropriate references and requirements in the procurement documentation.

The Board recommended that the report be taken to the next meeting of the Pensions Committee for their information and consideration.

Agreed: That (a) report be noted, and (b) the report be presented to a future meeting of the Pensions Committee.

7. Issues from Scheme Member Services Working Group

The Board raised concerns with regards to the career average and the potential of inflation to be at a negative level and how this would impact upon benefits.

The Board were informed that it was unclear as to what the outcomes would be as it would be the first time this would happen. Guidance was still needed from Government to inform Funds of the figure of the annual benefit rise; however, there was no electronic system set up for a downward trend.

Agreed: That the update be noted.

8. Issues from the Investment Strategy Working Group

The Board were updated on issues raised by the Investment Strategy Working Group. Pooling of investments was raised and discussed. The following factors were discussed and ranked in order:

- Government criteria – any pool needed to satisfy ‘critical mass’ and it was reported that a regional pool would be unlikely to achieve this.
- Governance Structure – any pool would need to offer the Fund full participation in decision making.
- Investment Structure/Assets – any pool needed to have a spread of internal and external investment as well as offering sufficient in-house investment capability.
- Corporate Governance approach – any pool needed to have a rigorous approach to corporate governance.
- Cost – investment management costs and returns were extremely difficult to quantify at present. It would be vital that discussions around this issue were had with each pool. It would be the Fund’s request that any pool would have a rigorous operating platform.

It was highlighted that there was a need to be in a pool bigger than £25bn. Officers urged caution to those who were considering resurrecting the North East Pool as it was valued at approximately £23bn.

The Board welcomed the Head of Pensions update in relation to pooled investments and asked that the Boards views be reported to the Pensions Committee.

Agreed: That the update be noted and the Board’s views be relayed to the Pensions Committee.

9. Issues from the Compliance with Legal Requirements Working Group

Responses to the questions asked were circulated at the meeting.

The Board were informed that an Employers event was to be held in January 2016 to highlight the importance of ensuring the information submitted was right. Next year was a more important year as the Fund was being valued and all data needed to be current and up to date.

The Board asked that their views with regards to a formal policy around enforcement be fed into the Employer Event.

Agreed: That the update be noted.

10. Issues from the Legacy Issues Working Group

Responses to the questions asked were circulated at the meeting.

Agreed: That the update be noted.

11. Review of Working Groups

Agreed: That the update be noted.

12. Update from Scheme Administrator

Agreed: That the update be noted.

13. Provision by the Local Pensions Board of Formal Documents to Assist the Scheme Administrator

Agreed: That the update be noted.

14. Future Agenda and Work Programme

The Board members were happy with the working group memberships and the roles they had been given. They would continue to report back to each Board meeting.

Agreed: That the update be noted.

15. Date and time of next meeting

Agreed: That the next meeting of the Local Pensions Board is to be held on Wednesday 23 March 2016 at 10.00am.
