



# South Tyneside Council

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## Local Pensions Board Minutes

### 2 October 2015

Present: Nicholas Wirz, Chris Sharkey, Andrew McIntosh, Councillor Doreen Purvis, Mick Brodie and Jim Woodlingfield.

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)

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#### 1. Chairman's welcome

The Chairman welcomed all to the meeting. He thanked officers for the support and training members had received to date, especially the trip to York to meet with Fund managers.

It was highlighted that the Board's role was to assist and advise the Pensions Committee with their role; however, the Board had no powers to make decisions. It was anticipated that the Board should be able to advise/assist the Pensions Committee imminently.

#### 2. Declarations of Interest

**Mr A McIntosh, Mr N Wirz, Mr C Sharkey, Mr J Woodlingfield, Mr M Brodie, 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.

### 3. Minutes of 26 June 2015

Resolved: That the minutes of the meeting held on 26 June 2015 be confirmed as a true record.

### 4. Training Policy and Programme

#### Training for Board Members

The Board welcomed the training received to date and members found the recent trip to York to meet with Fund managers a positive experience. As the Board's role evolved it was felt that training needs would be highlighted and members would talk directly to officers as and when this happened, however, in the meantime officers were requested to talk with the Pensions Committee to determine whether there was any area in which they wanted the Board to focus upon and from there any further training requirements would be identified.

The following areas were highlighted as immediate training needs:

- Passive investments
- Governance and legislation
- Talking to someone from the Fund Investment Strategy
- Pooling of investments

It was highlighted that the LGA were running national training events around Local Pension Funds and where possible, it was felt the Board should try and access these events.

Board members felt that it would be useful to have an overview in advance of the training sessions on the topics which are to be covered.

A Board member indicated that UNISON were offering free training opportunities to Local Pension Board members, the union courses were usually of a high quality and very informative, the only cost being the travel.

Agreed: That (a) the update be noted; (b) the potential to access events run by the LGA be researched; (c) the Head of Legal Services look at the possibility of funding the travel to the UNISON training; (d) prior to future residential events the paperwork be circulated to members in advance wherever possible and (e) Board members send items for discussion to the Head of Pensions who will arrange a meeting date to brief on topics as requested.

#### Board Responsibilities

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The members were informed that officers would advise the Board as to their responsibilities and help them identify any training requirements in addition to those identified by the Board members.

#### The CIPFA Framework

The Board had received a copy of the CIPFA Local Pension Boards – A Technical Knowledge and Skills Framework. Within this was a self-assessment which would be a useful tool in identifying the training needs of Board members. Members were requested to complete the self-assessment and return to the Chairman in advance of the next Board meeting.

Agreed: That (a) the CIPFA self-assessment be completed by the end of October and sent electronically to the Chairman to submit to officers for analysis and (b) officers identify useful areas of training for Board members.

### **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 minutes of the Pensions Committee held on 4 September were tabled to the Board for information.

The Head of Pensions took the opportunity to update the Board on a delay in issuing the Annual Benefit Statements to Fund members. Measures had been put into place to deal with the backlog and statements would be issued to Fund members by the end of October. The delay had been reported to the Pensions Regulator, who was satisfied with the measures in place and had asked if they could be informed if the new deadline was not met.

Agreed: That (a) the update be noted and (b) the specific web information and BDIs of CIVICA, the electronic processing system in the Pensions office be forwarded to Mr Woodlingfield.

### **6. Policy on Reporting Breaches of the Law**

Submitted: Report of the Corporate Director Business and Resources

The Head of Pensions outlined a report updating the Board on the policy for reporting breaches of the law to the Pensions Regulator.

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Agreed: That (a) the approval of the Policy by the Pensions Committee be noted, and (b) the Policy be made available to those involved with the administration of the Fund.

#### **7. Investment Strategy: Government Proposals for asset pooling between Local Pension Funds.**

The Board was informed of the Governments plans to pool asset funding between Local Pension Funds. It was anticipated that the governance of each Fund would remain with the administering authority.

Twenty Funds, of which the Tyne and Wear Pension Fund was one, were working together to consider the options available for investment. The Fund was investigating the correct approach, a regional approach to pooled investments or would it be more beneficial to work with like- minded Funds.

A range of initiatives were under discussion as well as the costs associated with them.

A member of the Board asked what impact the Social Value Act 2012 had on Pension Funds, the Head of Pensions informed the Board that he had never considered the Act in such context.

Agreed: That (a) the Head of Pensions keep the Board updated on developments and (b) the Head of Pensions present a report to the Local Pensions Board setting out whether the Social Value Act 2012 has any relevance in relations to the Pensions Fund.

#### **8. Communication: Dissemination of information in a timely manner, to enable all Board members to adequately carry out their responsibilities towards Fund Members**

The Chairman raised an issue regarding a recent consultation document around the national payment cap. It was highlighted that the Board had not received this document hence finding out about the consultation too late to make comments. They requested that the Board receive information at the same time as members of the Pensions Committee.

Officers explained that the Pensions Committee had not received the consultation document as it was deemed to be an employer issue and

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the Fund were not issuing a response, however, the Board were assured that any information the Pensions Committee received they would receive at the same time.

Agreed: That (a) the update be noted; (b) the Board receive a copy of the Pensions agenda at the same time as the Committee and (c) the Board receive appropriate correspondence similar to that sent to the employers.

#### **9. Communication: TWPF response to consultative exercise on the proposed Public Sector Exit Cap**

The Board was informed that the proposals detailed within the consultation document would require some regulation changes, in particular, how the strain on the Fund was calculated. At present, there was no timetable for implementation; however, the Board would be kept informed of any updates.

Agreed: That the update be noted.

#### **10. Verbal Update on Recent Events**

The main areas of issue at present were Asset Pooling and the delay in issuing the Annual Benefits Statements, both of which had been previously covered within the meeting.

It was reported that the Scheme Advisory Board had met two weeks ago but there was no feedback. KPMG were currently looking at how Pension Funds should be administered/governed in the future. They were considering whether the current arrangements was the most appropriate model.

A set of Key Performance indicators is being trialed in October 2015 with a view to them becoming live next year.

Agreed: That the update be noted.

#### **11. Delay in issuing the Annual Benefit Statements**

This item was discussed at item 5 – Pensions Committee Agenda and Minutes of 4 September 2015.

#### **12. Working Groups**

Membership

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Members had been assigned working groups and the groups had met. It was important that the working groups drove forward the issues and reported back to the Board. It was anticipated that the membership, role and remit of the working groups would be regularly reviewed.

It was agreed that the working groups were free to set their own Agendas. They would then report to the Board with any findings/proposals which they wished to take forward. The Board would consider these and agree on the most appropriate route in order to take this forward.

#### Work Programmes

Members of the Board agreed that they were content with the areas which they were covering within their working groups.

#### Member Services Group

Jim Woodlingfield informed the Board of the recent meeting of the working group. The group had looked at the complaints against the Fund. It was found that such complaints were resolved at an early stage, the overwhelming majority were not upheld and there was no clear pattern to the complaints. It was noted that should the delay and quality of information being provided by employers continue next year this could potentially have an impact on the delivery of the 2016 Valuation. It was noted that measures were being put in place.

Officers welcomed the comments of the working group. The Board was advised that the Pensions service was recruiting to three vacant Pensions officer posts and considering recruiting to 5 temporary posts for a period of up to a year.

The Pensions Office had arranged to visit those employers who had not submitted the correct information or had submitted the information late hence causing the delay in the issuing of the ABS to ensure that improvements are made prior to the requests for information for the 2016 Valuation.

#### Report from Legal Requirements Group

The Head of Pensions was asked who was responsible for monitoring the compliance of the Fund and whether any issues were raised.

The issues which had been highlighted were the failure by employers to provide timely accurate data hence resulting in a delay in issuing the Annual Benefits Statements.

#### Report from Legacy Issues Group

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Chris Sharkey informed the Board that the Group had looked at the deficit reduction procedures and what plans were in place in order to achieve them.

The Board raised issues with the performance of certain investment managers.

Officers informed the Board that it was important to look at Fund managers over the long term and not the short term. Whilst it was accepted that certain managers had not made the returns expected in the short term consideration be given as to whether the manager would deliver the mandate in the longer term

An offer to invite Fund managers to talk to the Board was welcomed.

Agreed: That the update be noted.

### **13. 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.

### **14. Date and time of next meeting**

Agreed: That the next meeting of the Local Pensions Board is to be held on Friday 11 December at 10.00am.

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