



South Tyneside Council

Local Pension Board

Date: 28th March 2019

Delegation of Work from Pensions Committee (for decision)

Report of the Head of Pensions

Purpose of Report

1. This report sets out a number of areas of work which the Committee is looking to delegate the monitoring of to the Local Pension Board.
2. The Board is asked to consider this and confirm it is able to undertake this work in accordance with its remit.
3. The Local Pension Board is recommended to confirm that it is able to pick up the monitoring of areas of work as set out in the report.

Contact Officer:

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Background

4. At the Local Board meeting on 19th December 2018, it was noted that the Chair of the Local Board and Chair of the Pensions Committee were to meet to investigate areas of work that could be delegated from the Committee to the Local Pension Board.
5. Following this meeting a proposal was made that the following areas of work could be delegated to the Local Board to monitor on a quarterly basis.
 - Risk Management and Internal Audit
 - Monitoring of Scheme Employer Issues
 - Pensions Processing
 - Performance Monitoring around Pensions Processing
6. Based on the outcome of this meeting a report was presented to Pensions Committee on 1st February 2019 which recommended that the areas of work as set out should be delegated to the Local Pension Board and for the Board to report quarterly to the Committee. This recommendation was agreed. A copy of this report is attached.
7. It should be noted that these are areas of work which the Local Pension Board already receives reports on. Therefore, this should not result in any significant increase in workload for the Board. It does, however, reduce the duplication of work between the Committee and the Board, and should make the overall governance arrangements more efficient. These areas of work are considered to be within the remit of the Board which is to assist the Committee on administration and governance issues.
8. It should be noted that the Committee would still receive annual reports on these areas and exception reports should an issue be identified that requires action.
9. In addition, it is proposed that the Board would produce a short formal report each quarter to the Committee summarising the issues they have looked at and identify any particular issues of concern from the areas they have reviewed and which they would want to bring to the attention of the Committee. This may include areas which may be considered as a breach of the law. If a potential breach was identified by the Board as being reportable to the Regulator, the Board would make a recommendation to the Committee.

10. The Board is asked to consider the delegation of this work and confirm it is able to undertake this work in accordance with its remit to assist the Pensions Committee.

Recommendation

11. The Local Pension Board is recommended to confirm that it is able to pick up the monitoring of areas of work as set out in the report.



South Tyneside Council

Pensions Committee

Date: 1st February 2019

Local Pension Board (for decision)

Report of the Head of Pensions

Purpose of Report

1. The Public Service Pensions Act 2013 and Scheme Regulations require each Local Government Pension Scheme administering authority to establish a Local Pension Board.
2. The Tyne and Wear Local Pension Board has been in operation since 2015.
3. The report sets out proposals to the Committee to consider delegating certain areas of work to the Local Pension Board from the Committee and establishing a more formal reporting mechanism back from the Board to the Committee on a quarterly basis.
4. The report also contains the minutes from the meeting of the Local Board on 19th December 2018.
5. The Committee is recommended to
 - agree to additional areas of work being delegated to the Local Pension Board and for the Board to report quarterly to the Committee
 - note the draft minutes of the Local Pension Board from 19th December 2018

Contact Officer:

Ian Bainbridge, Head of Pensions – Tel 424 4112

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Background

6. The role of the Board is:
 - To assist the Pensions Committee
 - to secure compliance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Fund;
 - to secure compliance with any requirement imposed by The Pensions Regulator in relation to the Fund;
 - to ensure the effective and efficient governance and administration of the Fund.
 - To provide the Pensions Committee with such information as it requires to be satisfied from time to time that none of the members of the Local Pension Board or person to be appointed as a member of the Local Pension Board has a conflict of interest.
7. Pension Boards have also been described as a “critical friend” to those charged with administering the Fund.
8. The Council has delegated its Pensions functions to the Pensions Committee. Therefore, the Board reports to and is accountable to the Committee.
9. At the time of establishing the Local Pension Board for Tyne and Wear Pension Fund, the Council approved governance documents for the Board consisting of the Terms of Reference which were incorporated into the Council’s Constitution and a Governance Statement. These documents were based on Guidance issued by the Scheme Advisory Board in 2015.
10. Whilst these governance documents provided a broad framework for how the Local Pension Board should operate, it is inevitable that the role, responsibilities and the relationship with the Committee will evolve over time.

Work of the Board and the Interaction with the Committee

11. The Board sets its own workload for the year and produces an Annual Report on its activity which is presented to Pensions Committee and also made available on the Fund’s website.

12. The Board meets quarterly, following on from Pensions Committee, and receives the latest agendas and minutes from the Committee and the minutes from the Investment Panel.
13. A joint training programme has been developed and the majority of training is delivered jointly to both the Committee and the Local Pension Board.
14. In addition, the Board are invited to attend the special Pensions Committee meeting in February each year when the Budget and the Service Plan is discussed and agreed. This initially came from a request by members of the Board to attend this meeting.

Delegation of Work to the Local Pension Board

15. Recently, it has become apparent that there is an element of duplication with some of the work of the Committee and the Board. Whilst this is inevitable to some extent, it is important that this is minimised and the resources of both the Committee and the Local Board are focussed on delivering a good well managed Pension Fund to the members and employers.
16. Consequently, a meeting was held in December with the Chair of the Committee and the Chair of the Local Board to establish if some areas of work could be reasonably delegated from the Committee to the Local Pension Board.
17. It was agreed at this meeting that this would only work if the formal reporting mechanism back to the Committee was strengthened.
18. To date the only specific area of work that is formally delegated by the Committee to the Local Pension Board is the detailed monitoring of the Risk Register.
19. The proposal is that other areas of work could reasonably be delegated to the Local Pension Board, which fall within their remit of assisting the Committee in the areas of administration and governance of the Fund. These areas are:
 - Risk Management and Internal Audit – Whilst detailed monitoring of Risk Management is already delegated to the Board, the Committee still received information on audit work undertaken. The proposal is that this quarterly report to the Committee is no longer produced and instead this is reported quarterly to the Local Pension Board. The Committee would still receive an annual report on the audit plan and a separate annual Risk Management report. The Committee would also continue to be involved in any Risk Management workshops undertaken as part of the training programme.

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- Scheme Employer Update – This is a quarterly report that summarises the organisations joining and leaving the Fund and highlights any particular concerns with employers. Instead of receiving a quarterly report on this area the Committee would get an annual report on this subject. Should any particular issues arise on a particular employer where a decision is required, then this would still need to be brought to the Committee for action.
 - Pensions Processing – This report updates the Committee with pensions processing volumes, systems developments and any communication issues with members and employers. Some of the information at a high level is also contained in the Monitoring of the Service Plan Report. It is proposed that once again, the detail in this report is presented quarterly to the Local Pension Board and the Committee receives an annual report. The Monitoring of the Service Plan Report will be enhanced to provide more detail on certain aspects to ensure the Committee still maintains an overview on this area. If any decisions on issues are required this will have to be reported to Committee.
 - Monitoring of the Service Plan – This report contains a schedule at the end showing performance against detailed individual performance indicators primarily around administration issues and pensions processing. Currently, this schedule is also reported to the Local Pension Board as part of report on potential breaches as required by the Regulator. The proposal is that this will no longer be reported to the Committee. The Board will be required to identify any issues of concern in these performance indicators and to bring them to the attention of the Committee. The Committee will however, continue to receive all other parts of the Monitoring of the Service Plan Report and have the five key performance indicators reported to it each quarter. One of these five indicators is a summary of the more detailed individual performance indicators.
20. It terms of formalising feedback to the Committee on the work of the Board, including these issues delegated to them, it is proposed that the Board is asked make a short formal report each quarter to the Committee summarising the issues they have looked at and identifying any particular issues of concern from the areas they have reviewed and which they would want to bring to the attention of the Committee. This may include areas which may be considered as a breach of the law. If a potential breach was identified by the Board as being reportable to the Regulator, the Board would make a recommendation to the Committee.
21. Overall, this approach will provide comfort to the Committee that the areas delegated to the Board and the other areas within their work plan are operating satisfactorily.

22. The proposals set out above should also assist the Committee in managing its already heavy workload and allow it to focus on other areas of the Fund.

Draft Minutes of the Local Pension Board of 19th December 2018

23. The draft minutes of the Local Pension Board for 19th December 2018 are attached for information.

Recommendation

24. The Committee is recommended to

- agree to additional areas of work being delegated to the Local Pension Board and for the Board to report quarterly to the Committee
- note the draft minutes of the Local Pension Board from 19th December 2018

Reason for Recommendation

25. To assist in the efficient and effective governance of the Fund.

Local Pension Board

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location
Public Service Pensions Act 2013	N/a	Head of Pensions Office, South Shields Town Hall
Local Government Pension Scheme Regulations	N/a	Head of Pensions Office, South Shields Town Hall