



South Tyneside Council

Local Pensions Board Minutes

21 December 2021

Present: Nicholas Wirz (*in the Chair*), John Pearson, Tom Hunter, Tony Carr, Rachel Dunn and Michael Brodie.

Ian Bainbridge (Head of Pensions)
Heather Chambers (Principal Pensions Manager)
Neil Sellstrom (Principal Investment Manager)
Joseph Catchpole (Strategy and Democracy Support Officer)
Emma Purvis (Strategy and Democracy Support Officer)
Paul Baldasera (Strategy and Democracy Support Officer)

Apologies: Councillor Purvis, David Keetley and Paul McCann

1. Declarations of Interest

N Wirz, J Pearson, T Hunter, T Carr, R Dunn, I Bainbridge, H Chambers, N Sellstrom, P Baldasera and J Catchpole declared non-pecuniary interests in all issues, as members of the Pension Fund.

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

2. Minutes of 20 October 2021

The Head of Pensions referred to Item 5, Annual Report and Accounts 2020/21, and explained that the audit of the 2020/21 accounts was not yet complete. Members of the Board were advised that the date of completion was rescheduled from November to early 2022.

The Chair queried if there were any regulations in place in which the Council could request audit reports in a timelier manner. It was explained that unfortunately due to circumstances of Covid, all audit companies were experiencing significant delays and it was a national issue rather than one specific to South Tyneside Council.

Resolved: That the minutes of the meeting held on 20 October 2021 be confirmed as a true record.

3. Training for Local Pension Board (information and discussion)

Submitted: Report of the Head of Pensions.

Ian Bainbridge, Head of Pensions, addressed the training requirements of the Local Pension Board. For the benefit of new members, a summary of the new training package the Fund had purchased from Hymans Robertson was provided.

The Head of Pensions referred to paragraph 40, which detailed the upcoming training which was proposed for February 2022. It was noted that there were various training sessions scheduled which would benefit Members of the Board.

Michael Brodie noted that the Government may soon publish a review of compensation regulations and some training on this subject may be appropriate. It was noted that a decision on this would be taken once the new regulations are released.

Agreed: That the report be noted.

4. Local Pension Board – Quarterly Report to Pensions Committee (Information and Read only)

The Chairman took that the report was for information and read only and no discussion took place on the item.

Agreed: That the report be noted.

5. Risk Management and Internal Audit (for Information and Discussion)

Submitted: Report of the Head of Pensions.

Ian Bainbridge, Head of Pensions, detailed the Risk Management and Internal Audit report. This report contained the current Fund level risk register as well as the internal audit programme.

The Head of Pensions referred to paragraph 14 in the report, detailing two risks which were selected for review. A discussion was held on these risks.

None of the risks in the risk register were considered Critical.

Agreed: That the report be noted.

6. Responsible Investment and Climate Change (for information and discussion)

Submitted: Report of the Head of Pensions.

Neil Sellstrom, Principal Investment Manager, detailed a report regarding the approval of a Climate Change Policy and Net Zero Carbon targets. It was explained to Members of the Local Pension Board that issues in respect of the Climate emergency were a significant focus within Pensions at the current time.

The Principal Investment Manager referred to paragraph 16 in the report, the Net Zero Investment Framework. Members were advised that the Fund would use the Net Zero Investment Framework established by the Institutional Investor Group on Climate Change (IIGCC).

It was explained that Carbon Foot Printing and Carbon Metrics were used to assess and analyse the levels of carbon output of the Fund. Data provided by each investment manager had been included in reports and presentations to the Committee. The Carbon footprint work undertaken showed that the Fund had already made good progress in reducing its Weighted Average Carbon Intensity with a 15% reduction over the two-year period, from 2019 to 2021.

The Chair queried if a Carbon Footprint measurement was taken regularly for the Pension Fund. It was explained that this measurement will be undertaken on a yearly basis, and data benchmarked to the previous year to understand the progress made.

Agreed: That the report be noted.

7. Chairman's Urgent Items

There were no urgent items to discuss.

8. Code of Practice 14 – Annual report (for Information and Discussion)

Submitted: Report of the Head of Pensions.

Heather Chambers, Principal Pensions Manager, presented a report which set out the background to the role of the Pension Regulator and Code of Practice Number 14: Governance and Administration of Public Service Pension Schemes and measures in place to ensure compliance.

The measures in place to ensure compliance were explained to the Board.

It was noted that the Pensions Regulator was in the process of consolidating all of its codes of practice into one single, shorter code as part of its 'clearer, quicker and tougher' initiative. This new 'single modular code' is expected to be introduced at some time in 2022. The Board were advised that they would be kept up to date with the progress of the single modular code.

The Board were advised that in 2020, the Fund commissioned a review of its compliance against Code of Practice 14 and the review was

reported to the Board in December of 2020. This report provided an update on the actions taken to implement the recommendations from last year. A summary of the position was available at appendix one. It was noted that when the new code is published compliance would be reviewed again.

Rachel Dunn asked if changes to the codes of practice would influence the work programme of work of the Board. It was explained that a review of the work programme is undertaken in July of each year and presented to the Board for consideration.

Agreed: that the report be noted.

9. Local Pensions Board – Annual Performance Assessment (For Decision)

Submitted: Report of the Head of Pensions.

Ian Bainbridge, Head of Pensions, detailed a report which required arrangements to be in place to measure the performance of the Committee, the Local Pension Board and its advisors. Members of the Board were advised that a system had been adopted based on self-assessment, however, external evidence was used where possible. This report aimed to remind the Local Pension Board of the approach to be adopted and sought views on the areas of work to be included in the self-assessment.

The Board was recommended to consider which areas of work should be included in the self-assessment exercise and noted that if Board Members were unable to attend the training session in February 2022 they could provide comments to either the Chair of the Board or the Head of Pensions.

The Chair referred to paragraph 3 in the report, which introduced a Performance Assessment for the Local Pensions Board. The Chair welcomed the Performance Assessment and was happy to accept the changes and the proposed areas to be reviewed. The Board agreed.

Agreed: That areas identified in the report for inclusion in the self-assessment exercise be adopted.

10. Breaches, Pension Processing and Performance Information (for information and discussion)

Submitted: Report of the Head of Pensions.

Heather Chambers, Principal Pensions Manager, detailed a report which updated the Board on matters concerning breaches of the law in respect of pensions administration, pension processing, individual employers, and electronic systems.

Members were advised that whilst the Committee retained responsibility for all aspects of the Pensions Service, the monitoring of Pensions processing would be delegated, where appropriate, to the Local Pensions Board.

The reported included reference to one case which had been referred to the Pensions Ombudsman. This was a rare occurrence resulting from an administrative error whereby the member received incorrect information. The Board were assured that this was a limited case and officers involve the Legal team in complex cases as and when appropriate.

Agreed: That the report be noted.

11. Scheme Employer Update (for information and read only)

The Chairman took that the report was for information and read only and no discussion took place on the item.

Agreed: That the report be noted.

12. Pension Committee Minutes (for information and read only)

The Chairman took that the report was for information and read only and no discussion took place on the item.

Agreed: That the report be noted.

13. Review of Meeting and Report to Pensions Committee (Verbal)

The Chair commented on the meeting held over zoom and explained it had gone well. Members were asked if there were any issues or queries regarding how the meeting was held.

Members agreed that given the circumstances of Covid-19, the Zoom format of the meeting worked well.

Agreed: That the report be noted.
