



South Tyneside Council

Local Pension Board

Date: 5th July 2023

Local Pension Board - Annual Report (for information and discussion)

Report of the Head of Pensions

Purpose of Report

1. Attached is a copy of the report from the Chair of the Local Pension Board to Pensions Committee for the 2022/23 municipal year.
2. This report will be presented to Pensions Committee in September 2023. It will also be published on the Fund's website and referenced in the Annual Report and Accounts.
3. The report is compiled to provide feedback to Pensions Committee on the work undertaken during 2022/23 by the Local Pension Board and to meet the legislative requirement for producing an annual report.

Recommendation

4. The Local Pension Board is recommended to note the report.

Contact Officer:

Paul McCann, Head of Pensions

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South Tyneside Council

Pensions Committee

Date: 26 September 2023

Local Pension Board - Annual Report 2021/22

Report of the Chair of the Local Pension Board

Purpose of Report

1. The report is compiled to provide feedback to Pensions Committee on the work undertaken during 2022/23 by the Local Pension Board and to meet the legislative requirement for producing an annual report.

Contact Officer:

Paul McCann, Head of Pensions

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Background

2. The Public Service Pensions Act 2013 introduced the requirement to have a Local Pension Board to assist in the good governance of the scheme.
3. South Tyneside Council ratified the establishment of the Board with effect from 26 May 2015. The Board meets four times a year and consists of four employer and four employee representatives.

Membership and Attendance at Meetings

4. The LPB has a three year term and this past year was the second year of the current three year term. Although attendance figures for the Board are not as robust as in previous years, I am pleased that all our meetings have been quorate. Membership of the LPB requires a significant amount of time and much learning, especially for newer members. I wish to thank all the Board members for their commitment and contributions over the year. I reserve a particular thanks for Mick Brodie for all the support he has provided as the Vice Chair.
 5. The Board also values the support it receives from the Pensions Committee and the Fund officers. Governance arrangements are working well, which has been independently confirmed. We are particularly pleased with the way the Fund has handled the retirement of the previous Head of Pensions, Ian Bainbridge. Paul McCann has taken over and is, in our view, a worthy successor with whom we look forward to working over the coming year.
 6. The current members of the Board are:
 - Nicholas Wirz (Chair) – Employee Representative (Unison)
 - Mick Brodie (Vice Chair) – Employer Representative (North East Regional Employers Organisation)
 - Cllr Doreen Purvis – Employer Representative (South Tyneside Council)
 - Rachel Dunn – Employer Representative (Newcastle College)
 - Tracey Bell – Employer Representative (Morpeth Town Council)
 - Tony Carr – Employee Representative (Unison)
 - Tom Hunter – Employee Representative (GMB)
 - John Pearson – Employee Representative (GMB)
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Local Pension Board – Annual Report 2022/23

7. Attendance at the meetings has been 62.5%.
8. Attendance at the two Pension Fund annual training events has been 37.5%, attendance at other training available has been 75%
9. A copy of the attendance and training record is attached at **Appendix 1**. I look forward to an improvement in attendance next year.

Reporting To Pensions Committee

10. This is the second year the Board has produced a quarterly report to the Pensions Committee following each Board meeting. This report summarises the main points of the meeting and brings to the Pensions Committee's attention any matters the Board considers appropriate. Rather than repeating them here, I annex the Board's reports to this annual report as appendices 2 to 5.

Training

11. The Board has continued to receive excellent training. Training is something the Administering Authority does very well in our view. All Board members have been very positive about the quality of the training they received. Although virtual training was introduced as a response to Covid-19, I am pleased that the Administering Authority continues to offer virtual training for some of its events. This has enabled more convenient attendance, particularly for Board (and Committee) members for whom attendance at in-person events is harder to arrange. We would prefer the Autumn and Spring training events to remain in-person if possible, however, the shorter, virtual training at other times is a valuable addition to the overall training package. Appendix 1 summarises the training over this reporting period.

Work Of The Pension Board

12. At the informal meeting of the Local Pension Board on 6th July 2022 a number of items were identified for inclusion in the work programme for 2022/23. These are set out below:

Quarterly reports

- Pensions Processing and Breaches of the Law. To include performance monitoring issues and non-compliance by Scheme Employers
 - Risk Management and Audit Reports
 - Monitoring of Scheme Employer Issues
 - Responsible Investment and Climate Change
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Local Pension Board – Annual Report 2022/23

- 2022 Valuation

Annual Reports

- Scrutiny of the Accounts – Audit Plan and Final Report and Accounts
- Internal Audit Annual Report
- The Pensions Regulator - Code of Practice 14 – Annual report
- Data Breaches – Annual report
- Data Quality – Annual report
- Investment Pooling – Annual report
- Local Pension Board - Annual Report
- Local Pension Board - Annual Performance Assessment

Other Reports

- Diversity

Other Areas

13. In addition, the Local Pension Board received reports on training and any matters that emerged throughout the year. Topics on the Pensions Committee agenda were raised and discussed.
 14. I am pleased that the Board was able to cover all these areas. It was my aim as Chair to achieve continuity with the work of the previous year. The new Board agreed with this approach and this year's business has, in consequence, been very much evolutionary, building on the work of the previous year.
 15. New issues have also emerged. The Pension Regulator (TPR) has produced a single modular code (the code), which we expect to be published in its current form. The TPR's code has included additional guidance in relation to cyber security.
 16. This is an area the Board has started to explore. Subject to the agreement of other Board members, I hope this will remain an area of focus for the Board over the coming year and form part of the work programme.
 17. Responsible Investment has been and continues to be a very important issue for the Board and those the Board members represent. Responsible Investment has been discussed at every Board meeting. The Board is
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pleased that the Administering Authority has renewed its focus on the social and governance aspects of “ESG” so they receive an equivalent focus to environmental issues. Subject to agreement from the other Board members, I hope that this issue will continue to be discussed and reported on at all our Board meetings for the following year.

Costs

18. The costs of the Board are included in the Pension Fund Governance Budget. For 2022/23 the costs were £34,936. This includes the costs of training, travel and the time of the Lead Officer for the Board.

Forward Plan for 2023/24

10. The Board will agree a forward plan at the July 2023 meeting; this will be informed by the areas identified by the Board as of interest and the formal delegation of items from the Pensions Committee.

Schedule of Appendices

11. The following Appendices are attached to this report

Appendix 1 - Pension Board Attendance Record and Summary of Training and Conferences.

Appendix 2 – Report of the Chair of the Local Pension Board – Meeting of 6th July 2022

Appendix 3 - Report of the Chair of the Local Pension Board – Meeting of 21st October 2022.

Appendix 4 - Report of the Chair of the Local Pension Board – Meeting of 21st December 2022.

Appendix 5 - Report of the Chair of the Local Pension Board – Meeting of 30th March 2023.

Local Pension Board – Annual Report

Appendix 1

2022/23 Summary of Attendance at Meetings and Training

Board Member	Local Pension Board Meetings				Training Events								
	6 th July 2022	21 st Oct 2022	21 st Dec 2022	30 th Mar 2023	Training Sept 2022	Training Feb 2023	Induction Training	LAPFF Conf.	LGC Conf.	CIPFA Seminars	Monthly Online Training*	BCPP Annual Meeting	Other Training
Nicholas Wirz (Chair)	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	2	✓	✓
Mick Brodie (V Chair)	✗	✓	✓	✓	✗	✗	N/A	✓	✓	N/A	2	N/A	N/A
Cllr Doreen Purvis	✗	✗	✗	✗	✗	✗	N/A	N/A	N/A	N/A	0	N/A	N/A
Rachel Dunn	✓	✓	✓	✗	✓	✗	N/A	N/A	N/A	N/A	0	N/A	N/A
Tracey Bell	✓	✓	✗	✓	✓	✗	✓	N/A	N/A	N/A	1	N/A	N/A
Tom Hunter	✗	✗	✓	✓	✗	✗	N/A	N/A	N/A	✓	1	N/A	N/A
John Pearson	✓	✓	✗	✓	✓	✓	N/A	N/A	N/A	✓	0	N/A	N/A
Tony Carr	✗	✓	✓	✗	✗	✗	N/A	N/A	N/A	N/A	2	N/A	N/A

*participation within individual sessions up to a maximum of 2

Tyne and Wear Pension Fund

Report of the Chair of the Local Pension Board

Meeting of 6th July 2022

Purpose of the Report

1. The purpose of this report is for the Pensions Committee to learn of the Board's observations on topics referred from the Committee and to consider any recommendations from and assurances gained by the Tyne and Wear Local Pension Board, and any other relevant information, emanating from the meeting of the Board on 6th July 2022.

Recommendations

2. There are no specific recommendations resulting from the meeting on 6th July 2022.

Outcomes from the Local Pension Board (LPB) Meeting

3. Opening Comments from the Chair

The Local Pension Board (LPB) had its quarterly meeting on Wednesday 6 July 2022. This represented the first full year of the current Board. I was pleased to welcome Tracey Bell to the Board following her appointment. Tracey is an employer representative who works for Morpeth Town Council. Tracey has received her induction training and has completed the Hymans Robertson training package. Tracey was very positive about both. It is significant that a representative from the Northumberland LGPS fund is now embedded in the governance structures of the merged fund. This demonstrates the success of the merger and will reassure members and employers of the former Northumberland fund that their interests continue to be represented in the merged fund. I look forward to Tracey's contributions to the LPB over the coming years.

I wish to bring the following matters to the attention of the Pensions Committee.

4. Presentation from EY 2021/22/ Audit Plan

The LPB places a high value on the role and work of the external auditor. An independent, professional assessment on the fund's accounts is one of the documents that enables the LPB to monitor whether the fund is

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complying with several of the key legal requirements to which it is subject. The report confirmed that the fund's accounting practices and procedures are working well with only minor observations to assist the Fund going forward.

I am bringing this matter to the Pensions Committee's attention for the following reasons. When we received the same report last year, we commented that EY had omitted to refer specifically to the LPB at key points in the report. We took issue with the following phrase in the covering letter last year:

"This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties."

We are disappointed that our previous representations on this matter have not been acted upon by EY. We again made submissions to EY on the importance of the role of the LPB in the governance of the Fund and have asked that the report be updated accordingly. We also pointed out some other inconsistencies in the report. We are confident EY has understood our concerns and will act upon them.

The LPB also notes the references to fees in the EY report are not necessarily an accurate reflection of officers' position.

5. Work Programme for 2022/23

Deciding on the LPB's priorities for the coming year was an important decision for this meeting. I am pleased that the LPB supported the evolutionary approach I advocated, building on the work of this and earlier LPBs. The LPB's work plan for the coming year has been agreed as follows:

Quarterly reports

- Pensions Processing and Breaches of the Law. To include performance monitoring issues and non-compliance by Scheme employers
- Risk Management and Audit Reports
- Monitoring of Scheme Employer Issues
- Responsible Investment and Climate Change
- 2022 Valuation

Annual Reports

- Scrutiny of the Accounts – Audit Plan and Final Report and Accounts
-

Local Pension Board – Annual Report

- Internal Audit Annual Report
- The Pensions Regulator - Code of Practice 14 – Annual report
- Data Breaches – Annual report
- Data Quality – Annual report
- Investment Pooling – Annual report
- Local Pension Board - Annual Report
- Local Pension Board - Annual Performance Assessment

Other Reports

- Diversity

In addition, the Local Pension Board will continue to receive reports on training and any matters that emerge throughout the year. Topics on the Pensions Committee agenda will continue to be raised and discussed.

6. Risk Management and Internal Audit

Officers brought the following proposed changes to the risk register for the LPB to consider. These were G4, G5, A13 and F9. We agreed with all of the proposed changes. We had a discussion around A13 “From: There will be enforced changes to the investment and governance arrangements from proposals to pool investments across the Scheme which may result in increased costs and impact on net returns. (See also G2). To: Following the move to asset pooling and the transfer of assets to Border to Coast this may not result in an improvement in net returns. (See also G2).”

We queried whether the point had been reached when it was no longer necessary to have a separate entry for pooling as the same risk is assessed for other investment managers. One can argue that the two are the same. Following discussion, it was considered appropriate to continue to monitor this separately. The costs and fee savings it is hoped pooling will deliver are still unfolding and the LPB considers it appropriate to look at pooling separately.

The LPB also had a discussion around “A1 Moderate Risk - The funding level worsens or falls below 100% due to investment returns being below the levels assumed in the triennial valuations (i.e. relative return to discount rate)”. The LPB queried whether this should be a high risk given the current uncertainties and the impact they are having on the value of the fund. We concluded that it is probably too soon to classify this as a high risk. The LPB has asked for this to be reported at our next quarterly meeting to enable the Board to review this risk in the light of what is then known.

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7. Pensions Processing

This is another report of high value to the LPB. The only comment we wish to make relates to the difficulties the fund is currently experiencing recruiting and retaining staff. We queried whether the creation of permanent posts (as opposed to using agency staff and temporary posts) would improve the fund's success in recruiting. Officers see the position getting better and would prefer to await the anticipated improvements of the restructure of the pensions service before giving consideration to the creation of additional permanent posts. The LPB will continue to monitor this.

8. Employer Covenants

It was brought to officers' attention that the Office for National Statistics are proposing a reclassification of FE colleges to become part of the general government sector. If colleges were reclassified, it means that they would be treated for financial and accounting purposes as part of the general government sector, standing alongside Ministerial Departments and a wide range of arms-length bodies (these include for instance schools, including academies, non-Ministerial Departments, and non-departmental public bodies). If any altered position means central government guaranteeing the pension liabilities of FE colleges, this would have implications for the strength of their covenant and the employer contribution rate. Officers will keep this under review.

I would like to take this opportunity to thank the officers for their support of the LPB and the LPB members for their attendance and contributions.

**Nicholas Wirz – Chair of the Local Pension Board
Tyne and Wear Pension Fund**

**Tyne and Wear Pension Fund
Report of the Chair of the Local Pension Board
Meeting of 21st October 2022**

Purpose of the Report

1. The purpose of this report is for the Pensions Committee to learn of the Board's observations on topics referred from the Committee and to consider any recommendations from and assurances gained by the Tyne and Wear Local Pension Board, and any other relevant information, emanating from the meeting of the Board on 21st October 2022.

Recommendations

2. The Board has made the following recommendations:
 - The Committee reinforce the concerns around the delays to the 2020/21 and 2021/22 audits of the Report and Accounts and support any attempts by Fund Officers to achieve an improved service in future.
 - Officers review how they monitor future trends on processing volumes and backlogs and identify if there are ways they may be able to refine their approach. The Board also asks the Committee to support this suggestion.

Outcomes from the Local Pension Board (LPB) Meeting

3. Opening Comments from the Chair

The Local Pension Board (LPB) met in person on Friday 21 October 2022 at the offices of the Administering Authority. There were apologies from Cllr. Purvis, whose other municipal duties clashed with the LPB meeting and Tom Hunter (member representative GMB union). The meeting was quorate. I would like to thank all the attending LPB members and the fund officers for their contributions. I would also like to take this opportunity as a LPB to recognise Ian Bainbridge's role now that he has notified his intention to retire. The LPB has benefitted hugely from Ian's skill, experience and good humour and his decision to retire represents a loss to the Board and the Fund. We are grateful to Ian for providing the Administering Authority with significantly more

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notice than his contractual three months. This will make it easier to achieve a smooth transition to his successor.

The Board meeting covered a large agenda (17 items). I would like to draw the Committee's attention to the following matters.

4. Agenda Item 3 Annual Report and Accounts 2021/22

The Board is disappointed at the significant delays being encountered from the Fund's auditors, Ernst and Young (EY), in signing off the Fund accounts. Various reasons have been given for this, none of which are understood to be due to the Pension Fund. Fund Officers have expressed their concerns to EY about the delays.

The Board shares those concerns. The Board will support any attempts by Officers to improve the position in the future. There may be certain things the Fund could do differently to increase the likelihood that the Fund's auditors sign off the accounts in a timely manner. The Board requests the Committee to reinforce this message and likewise support any attempts by Fund Officers to achieve an improved service in future.

5. Item 7 Risk Management and Internal Audit

The Committee has delegated the quarterly monitoring of the Risk Register and the internal audit programme to the Board. The Board reviewed the four risks that officers considered needed amending/deleting, namely:

1. G1 "There may be a lack of knowledge and understanding by the Committee and Local Pension Board". It has been moved from "Probable/Marginal (High)" to "Possible/Marginal (Moderate)";
2. G4 "As we transition away from Covid-19 restrictions there are impediments to effective governance arrangements" from "Improbable/Marginal (Minor) to "REMOVED FROM REGISTER";
3. S6 "Key people leave, and this places a strain on remaining resources to cover the role and responsibilities" from "Probable/Marginal (High)" to "Near Certain/Marginal (High)";
4. S15 "Significant loss of staff due to Covid-19" from "Possible/Marginal (Moderate)" to "REMOVED FROM REGISTER".

The Board agrees with all these proposals. In relation to 1. the new LPB and Committee members who joined following the turnover of 2021 have now received significant amounts of training and gained experience in their roles. In relation to 2. and 4. The Board agrees that the Fund, along with the rest of society, is now living with Covid and

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functioning well. It does not currently present a threat to how the fund operates.

In relation to 3., we agree that the retirement of the Head of Pensions presents the Fund with some short-term challenges. The Board notes that the current post-holder is on three months contractual notice. The Board considers there is merit in trying to agree a longer contractual notice period for Ian's successor to mitigate the impact of this risk in the future. The Board is also anxious that Ian's successor remains committed to the important role played by both scheme employers and the trade unions in the governance arrangements of the fund.

The Board would like its comments in relation to 3. to inform the recruitment of Ian's successor.

6. Item 9 Climate Change and Carbon Metrics

The Board is grateful to Officers for bringing this report to the Board on a quarterly basis. These are important issues and how LGPS funds respond is developing rapidly. The Board notes that the Fund is considering which carbon metrics to use. The Board is informed in the report "The Fund is attempting to ensure that the approach and targets are consistent with those produced by Border to Coast." The Board encourages the Committee to resist any pressure to reduce its own view on the appropriateness of the carbon metrics it prefers in order to align with any less ambitious Border to Coast position.

7. Item 12 Breaches, Pensions Processing and Performance Information

This is also a very valuable report and the Board appreciates the level of detail contained. The Board is concerned that the number of outstanding processes is currently over 12,500. The Board notes that Officers are able to offer an explanation for this. In our previous Board meetings, it was brought to our attention that the outstanding processes were likely to remain high, although they were not expected to reach these levels.

From a governance perspective, our biggest concern is that the administering authority did not appreciate the size of the looming problem sooner. The Board recommends Officers review how they monitor future trends in this area and identify if there are ways they may be able to refine their approach. The Board asks the Committee to support this suggestion.

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I would like to take this opportunity to thank the Officers for their support of the LPB and the LPB members for their attendance and contributions.

**Nicholas Wirz – Chair of the Local Pension Board
Tyne and Wear Pension Fund**

Tyne and Wear Pension Fund Report of the Chair of the Local Pension Board Meeting of 21st December 2022

Purpose of the Report

1. The purpose of this report is for the Pensions Committee to learn of the Board's observations on topics referred from the Committee and to consider any recommendations from and assurances gained by the Tyne and Wear Local Pension Board, and any other relevant information, emanating from the meeting of the Board on 21st December 2022.

Recommendations

2. Whilst the report of the Chair of the Board includes three recommendations, they are issues to be addressed by officers, that were agreed at the Local Pension Board meeting, and not formal recommendations which required action by the Committee.

Outcomes from the Local Pension Board (LPB) Meeting

3. Opening Comments from the Chair

The LPB met on Wednesday 21 December 2022 at the offices of South Tyneside Council for its quarterly meeting. Apologies were received from Cllr. Purvis, Tracey Bell (scheme employer representatives), John Pearson and Tom Hunter (scheme member representatives). I am grateful to Mick Brodie (Vice Chair) who attended virtually despite being unwell, which enabled the meeting to be quorate.

Following the meeting I wish to bring the following matters to the Pensions Committee's attention.

4. Agenda Item 4 – Training For Local Pension Board

One of the items discussed was the future subscription to the Hymans Robertson Learning Academy. Officers suggested this package is subscribed to every two to three years. The Board agrees with this. The Board notes that this package is particularly useful for those who are new to both the Board and the Pensions Committee. The Board recommends that the periodic subscription to this package is timed to coincide as far as possible with the appointment cycle of new Board and Pensions Committee members.

5. Agenda Item 7 – Equality, Diversity and Inclusion.

The Board is pleased that the scheme manager is looking carefully at this issue. The Board observed that it is important for the review to be clear about what it hopes to achieve and, in addition, gathers manageable and relevant information. The Board notes that keeping the process manageable will mean that some groups are underrepresented in the process (e.g. workers who do not have routine access to a computer as part of their jobs). It was suggested that officers provide scheme employers with some on-line links to assist with the promotion of the surveys with their own employees. The LPB understands that the scheme manager has limited influence over whom the political parties select as candidates for election and over whom the unions and scheme employers nominate for Board membership. Nevertheless, there are aspects of how the Pensions Committee and the Board operate, which are within the scheme manager's control and which may operate to some degree as barriers to equality, diversity and inclusion.

We recommend that the scheme manager considers ways to obtain information from current Board and Committee members to establish the extent to which they may have encountered barriers, which the scheme manager has some ability to influence.

6. Agenda Item 8 – Risk Management and Internal Audit

The review of the risk register has been delegated to the Board by the Pensions Committee. The Board agrees with all the proposed changes to the register (G5 and S9). The Board reviewed in depth risks L1 and A15. After a lengthy discussion we agreed that these risks remain appropriately categorised. In relation to S9, the Board is pleased to note the high (by recent standards) number of applicants for the four vacancies in the pensions office. The Board noted both here and at agenda item 9 (Climate Change and Net Zero Roadmap), that the focus on climate change, which we support, may be diverting resources and attention away from stewardship.

The Board recommends that officers review the allocation of resources to ensure that an appropriate level of focus is given to other important ESG issues.

I would like to take this opportunity to thank Board members for their excellent contributions and to thank the fund officers for their expertise and support.

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**Nicholas Wirz – Chair of the Local Pension Board
Tyne and Wear Pension Fund**

**Tyne and Wear Pension Fund
Report of the Chair of the Local Pension Board
Meeting of 30th March 2023**

Purpose of the Report

1. The purpose of this report is for the Pensions Committee to learn of the Board's observations on topics referred from the Committee and to consider any recommendations from and assurances gained by the Tyne and Wear Local Pension Board, and any other relevant information, emanating from the meeting of the Board on 30th March 2023.

Recommendations

2. The Chair of the Board has recommended that Pensions Committee considers adding cyber security to its work programme as this is an area needing a high degree of focus at all levels.

Outcomes from the Local Pension Board (LPB) Meeting

3. Opening Comments from the Chair

The Local Pension Board met on 30 March 2023 at the offices of South Tyneside Council. The quarterly meeting was quorate.

Apologies were received from Cllr Doreen Purvis, Rachel Dunn and Tony Carr.

I wish to highlight the following matters to the Pensions Committee.

4. Agenda Item 8 – Risk Management and Internal Audit

Officers brought the Board's attention to those matters on the risk register, which they considered needed to change. The changes are as follows:

Risk A4

There is inadequate monitoring of the performance of the total Fund, individual managers (including Border to Coast), Investment Programmes and custodians. Failure to undertake formal reviews, if required.

This risk has been moved from Possible/Negligible (Minor) to Probable/Negligible (Moderate).

Risk S2

The pensions processing software system is not fully updated in a timely manner and poor version control leads to a deterioration in the functionality.

This risk has been moved from Possible/Marginal (Moderate) to Probable/Marginal (High).

After a discussion, the Board agreed that these risks were now appropriately recorded.

The Board also reviewed two other risks in detail, namely:

S2 High Risk (Likelihood – Probable / Impact – Marginal) - The pensions processing software system is not fully updated in a timely manner and poor version control leads to a deterioration in the functionality.

F5 Moderate Risk (Likelihood – Possible / Impact Marginal) – The Fund is left with a deficit when an employer leaves with inadequate provision for the deficit.

The Board considers that these risks are appropriately rated and that the steps recorded in the risk register are appropriate to manage these risks.

5. Agenda Item 13 – Code of Practice (COP) 14

The Board has always placed a high value on compliance with The Pension Regulator's (TPR) COP 14. We believe that compliance is synonymous with a well-run fund.

Consideration of the Fund's compliance with COP 14 was delayed pending implementation of TPR's new "Single Modular Code" (SMC). Unfortunately, this has not been introduced yet. The Board elected to have a hybrid review. This review considered the provisions of the current COP 14 with a scan ahead to some of the proposed changes, which the new (draft) SMC introduces. It is assumed that these provisions will be included in the final, published SMC. This may not be the case.

It is important to the Board that this review is undertaken by an independent third party. This gives a high value to any conclusions

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reached. The review was undertaken by the governance team at AON. I am pleased to report that AON has concluded:

“The outcome of the assessment was that the Fund was found to be fully compliant in 95 out of the 99 assessed areas. The Fund was found to be partially compliant in three areas. There is one area that is not applicable to the Fund.

The areas of partial compliance are:

- B9 Does the Fund offer pre-appointment training for new pension board members or mentoring by existing members?
- C6 Does the Fund have a conflicts register and is it circulated for ongoing review and published?
- H2 Do the annual benefits statements meet the legal requirements in relation to format?”

In relation to B9, the Board accepts that this is difficult to achieve in practice. The Board is satisfied that the induction training offered to new Board members and the on-going training provided by the fund adequately deals with this.

The Board also accepts that in relation to H2, limiting the information on annual benefit statements is a conscious decision. This is because to provide all the information would reduce the usefulness of the annual benefit statement for the majority of scheme members due to the level of complexity of a fully compliant statement. The Board notes that this information is available elsewhere for those who wish to have it.

In relation to C6, the Board’s view is that the conflicts register should be published as envisaged by C6.

The AON review also looked ahead to some of the proposed changes. Significant among these in the Board’s view is the area headed “Cyber Controls”. This is an area the Board is anxious about. The fund relies on the IT systems operated by South Tyneside Council. We are told that these systems are robust and certainly to date these controls have served to protect the data held by the fund. Nevertheless, the Board feels that the potential consequences of a successful breach of those controls are so high that this is an area the Board wants to examine in more detail.

The Board agreed to add this area to its work programme when this is reviewed at the Board’s July meeting. The Board recommends that the Committee also considers adding Cyber Security to its work as the Board considers this issue needs a high degree of focus at all levels.

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6. Closing Remarks from the Chair

I would like to thank the Board members and the fund officers for their excellent contributions during the meeting.

Finally, it was Ian Bainbridge's (Head of Pensions) last meeting before he retires. The Board paid tribute to his excellent leadership of the fund, his outstanding knowledge and perhaps even more importantly, his approachability. The consummate professional was wrapped in a friendly, helpful human! We wish him a long and happy retirement.

**Nicholas Wirz – Chair of the Local Pension Board
Tyne and Wear Pension Fund**

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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