



South Tyneside Council

Local Pension Board Minutes

30 March 2023

Present: Nicholas Wirz (*in the Chair*), Tom Hunter, John Pearson, Mick Brodie, Tracey Bell.

Ian Bainbridge (Head of Pensions)
Paul McCann (Principal Governance and Funding Manager)
Heather Chambers (Principal Pensions Manager)
Lisa Dunn (Employer Services Manager)
Neil Sellstrom (Principal Investment Manager)
Paul Baldasera (Strategy and Democracy Officer)
David Hayward (Lead Officer for the Board)
Sean Allen (Strategy and Democracy Support Officer)
Michael Mason (Ernst & Young)

Apologies: Cllr Doreen Purvis, Tony Carr and Rachel Dunn.

1. Declarations of Interest

N Wirz, I Bainbridge, P McCann, H Chambers, N Sellstrom, and P Baldasera, L Dunn, D Hayward, J Pearson and S Allen 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 the meeting of 21 December 2022

Resolved: That the minutes of the meeting held on 21 December 2022 be confirmed as a true record.

3. Report and Accounts (for information and discussion)

Submitted: Report of the Head of Pensions.

The Head of Pensions advised of the following:

- 2020/2021 accounts were signed off in November with no issues raised.
- 2021/2022 accounts were largely completed with no material concerns.
- Report and accounts 2022/2023

A query was raised regarding control observations and if anything had been highlighted, it was confirmed no significant weaknesses identified in controls with no recommendations.

Agreed: That the report be noted.

4. Items Brought Forward (for information and discussion)

Submitted: Report of the Head of Pensions.

Items brought forward noted in the report were all agreed by the Board.

Agreed: That the report be noted.

5. Meeting dates for 2023/24 (for information and read only)

Submitted: Report of the Head of Pensions

Members of the Board indicated they were happy with the proposed dates.

Agreed: That the report be noted.

6. Training for the Local Pension Board (for information and discussion)

Submitted: Report of the Head of Pensions

Ian Bainbridge provided a report that addressed the training requirements of the Local Pension Board.

The last training event in Edinburgh had received positive feedback, however the attendance numbers were down, so a survey has been sent to those to enquire why they had not attended.

The next training event will be in Leeds in September. Board members were asked to prioritise the topics suggested in the report, the following were deemed to be of lower priority: -

- Expected outcome of the Good Governance Review
 - Cash flow Management
 - Service Planning
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- Investment Strategy Health Check

The chair noted the Knowledge and Skills Framework was five years old and therefore needed to be reviewed. It was confirmed this was already under review.

Agreed: That the report be noted.

7. Local Pension Board – Quarterly report to Pensions Committee (for information and read only)

Submitted: Report of the Head of Pensions.

Agreed: That the report be noted.

8. Rick Management and Internal Audit (for information and discussion)

Submitted: Report of the Head of Pensions

Paul McCann delivered the report detailing the Risk Register review which had taken place 3rd March 2023, two changes were brought to the Board's attention: -

- A4 – moved from possible/negligible (minor) to probable/negligible (Moderate).
- S2 – moved from possible/marginal (moderate) to probable/marginal (high)

Regarding risk S2, it was stated that the Department for Levelling Up, Housing and Communities had launched a consultation to the re-evaluation date of the CARE pension in the Local Government Pension Scheme from 1st April to 6th April. If implemented, this would require changes in the software system, which would not be possible before the new changes are implemented. This could result in manual calculations being needed.

The Board also considered risk F5, that 'the Fund is left with a deficit when an employer leaves with inadequate provision for the deficit and were comfortable with how the risk was rated.

The Board members considered the audit programme; the summary position was that: -

- 1 Audit had been completed and signed off (governance audit),
 - 4 had fieldwork and testing completed and either have had a draft report or due one soon,
 - 2 audits underway and should be completed soon,
 - 2 yet to commence.
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Agreed: That the report be noted.

9. Climate Change Policy and Net Zero Roadmap (for information and discussion)

Submitted: Report of the Head of Pensions

Neil Sellstrom delivered the report explaining this was an ongoing exercise for managers and employers, the service plan includes metrics that were agreed by the Pensions Committee in 2022.

It was noted that collecting the data was challenging and relied on the quality of the information coming from the managers, the data was subject to quarterly reporting, although it was a case of looking at long term trends.

The Chair commented on how good the training was on Climate Metrics in Edinburgh and urged those who could not attend the training to review the material that was presented.

The Chair also asked if the metrics would be developed or whether this was the final version. Neil Sellstrom confirmed that they may be tweaked in light of any government guidance that may be received, but otherwise they would evolve as knowledge improves.

Agreed: That the report be noted.

10. Chair's Urgent Items

There were no Chairman's Urgent items.

11. Local Pension Board – Performance Assessment (for decision)

Submitted: Report of the Head of Pensions

The Board were provided with a report to review the draft assessment and asked to assess the effectiveness in its role as Scheme Manager.

All members had reviewed the report and agreed it as the final version with no amendments.

Agreed: That the (a) Assessment be agreed, and (b) report be noted.

12. 2022 Valuation Update (for information and discussion)

Submitted: Report of the Head of Pensions

Paul McCann presented a report, which has also been presented to the Pensions Committee on 9th March 2023. It was noted that Appendix 2 provided a further update to the Funding Strategy Statement. The legal deadline for the valuation was 31st March 2023.

The Board were informed that there was nothing to highlight or flag, the whole process had gone smoothly. The Actuary needed to sign off the valuation.

Agreed: That the report be noted.

13. Code of Practice 14 (for information and discussion)

Submitted: Report of the Head of Pensions

The report set out the background to the role of the Pensions Regulator and Code of Practice Number 14 (COP14): Governance and Administration of Public Service Pension Schemes, it also summarised the outcome of a recent review of the Fund's compliance with COP14.

Members were asked to refer to the table within the report which highlighted 3 areas of partial compliance:

- **B9 – Does the Fund offer pre-appointment training for new pension board members or mentoring by exiting members?** Board Members were told that it was very difficult to comply with this due to the timing of the appointments. It was therefore decided that the present process was reasonable.
- **C6 – Does the Fund have a conflicts register and is it circulated for ongoing review and published?** The Fund does have a conflicts register which contains very minor conflicts but is not published online. It was agreed that this should be the case in the future.
- **H2 – Do the Annual Benefits Statements meet the legal requirements in relation to format?** Members were informed that officers were comfortable with the current format as to add the extra information would make the statements complicated and this further information was always available on request. The Board agreed with this stance.

Heather Chambers added that, despite the uncertainty about when the Single Modular Code will come into force, Officers were aware of what areas it will cover.

Cyber controls were queried by the Chair, who asked if we are satisfied that the Council is taking all reasonable precautions to avoid a cyber attack. Officers expressed their confidence in the measures in place and that there was external accreditation for our processes. It was agreed as a Board, that details of these processes are to be included in the work programme.

Agreed: That the report be noted.

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

Submitted: Report of the Head of Pensions

The Board were provided with the report which set out matters concerning breaches of the law in respect of pensions administration, pension processing, individual employers, and electronic systems.

It was acknowledged that performance had dropped, due to the number of recent challenges including the McCloud project, delays in legislation, introduction of the Pensions Dashboard as well as staffing and restructuring issues, however there was a recovery plan in place.

It was noted by the Chair that in previous Board meetings, the staffing levels had been highlighted as a concern, so it was good to see vacancies being filled, as well as other temporary staff coming in to add additional cover. It was noted that the staffing levels were in the main, due to retirement and maternity leave as well as short term sickness, so with the additional posts, the long-term performance should improve.

Agreed: That the report be noted.

15. Scheme employer update (Information and read only)

Submitted: Report of the Head of Pensions

The report updates the Board on matters concerning individual employers within the Fund

The Chair noted the robust approach being taken to reduce the outstanding backlog of admissions and the report was noted.

Agreed: That the report be noted.

16. Pooling of Assets – Annual Report (for information and discussion)

Submitted: Report of the Head of Pensions

This report updates the Board with the latest position on implementing the Government's proposal to pool the Local Government Pension Scheme's investments in England and Wales. The report summarises the main activities during the year and how they have impacted upon the Fund.

Agreed: That the report be noted.

17. Pensions Committee Minutes (for information and read only)

Members indicated they were happy with the minutes.

Agreed: That the report be noted.

18. Review of Meeting and Report to Pensions Committee (verbal)

It was noted that the report should include points raised in the discussion on COP14 and raise concerns with regards to Cyber security.

Agreed: That the report be noted.

The Chair ended the meeting by giving thanks to Ian Bainbridge for his work over the years in supporting the Board and wishing him a happy retirement.
