



# South Tyneside Council

## Local Pension Board

Date: 20<sup>th</sup> October 2023

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## Local Pension Board – Quarterly Report to Pensions Committee (for information and read only)

Report of the Head of Pensions

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### **Purpose of Report**

1. The Chair of the Local Pension Board provides a quarterly report to Pensions Committee. This is presented to the Committee alongside the minutes of the Local Pension Board meeting.
2. The last meeting of the Local Pension Board took place on 5<sup>th</sup> July 2023. Attached is a copy of the Local Pension Board Chair's report that was presented to Pensions Committee on 26<sup>th</sup> September 2023.
3. The Board is asked to note the report.

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Contact Officer:

Paul McCann, Head of Pensions

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**Tyne and Wear Pension Fund**  
**Report of the Chair of the Local Pension Board**  
**Meeting of 5<sup>th</sup> July 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 5<sup>th</sup> July 2023.

**Recommendations**

2. There are no recommendations to Pensions Committee following the meeting of the Board.

**Outcomes from the Local Pension Board (LPB) Meeting**

3. Opening Comments from the Chair

The July meeting of the Local Pension Board (LPB) took place on 5 July 2023. This is an important meeting as the LPB decides its work programme for the coming year. For this reason I was particularly pleased with the high attendance, with apologies received from Tracey Bell (scheme employer representative). I wish to bring the following matters to the Committee's attention arising out of the meeting:

4. Agenda Item 5: Report And Accounts

The LPB received a presentation from EY in relation to the external audit plan for the 2022/23 accounts. The LPB values the work done by external auditors for two principal reasons. Firstly, their work is focused on ensuring the fund meets several of its legal requirements and secondly, it is an independent assessment undertaken by regulated professionals. The LPB's questions focused on two areas. Firstly, asking EY to provide details of how they challenge the information they are provided with and secondly the on-going dispute in relation to fees. The LPB is reassured that the audit process is rigorous and the conclusions reached robust.

5. Agenda Item 10: Risk Management and Internal Audit

The Board reviewed the two risks, which officers changed at their most recent review.

Risk G1 "There may be a lack of knowledge and understanding by the Committee and Local Pension Board." Was moved from "Possible / Marginal (Moderate)" to "Probable / Marginal (High)". This was

triggered by the high level of turnover on the Committee in the 2023-24 municipal year. The Board agreed with this change. The Board is confident that the high quality of training and induction provided by the administering authority will address this increased risk.

Risk S14 “Failure to develop and introduce improved working practices as part of move to Modern Workplace programme, leads to a reduction in productivity.” Was moved from “Possible / Marginal (Moderate)” to “Probable / Marginal (High)”. The reason for the change was caused by concern around outstanding work volumes. The LPB agrees with this change. The LPB pays very close attention to this issue and receives updates at all its quarterly meetings. The LPB is reassured that the administering authority understands the reasons for the hardening of this risk and has a strategy in place to improve the position over time. The LPB looks forward to this risk reducing in the future.

The LPB typically reviews two existing risks in more detail. At this meeting we considered S12 and A4.

**S12 High Risk (Likelihood – Possible / Impact – Significant) - There is a risk of a Cyber Security attack corrupting systems and data and or stealing data.**

The Committee is aware that the LPB is currently very focused on this issue. The LPB is reassured that the Committee is likewise concerned about cyber security. LPB members had experienced successful attacks of other pension schemes they belong to (miners pension scheme). The LPB received an overview from officers about the current arrangements to prevent cyber attacks or recover from them should they occur. The LPB is pleased that there are plans to provide training to both the committee and the LPB on this topic. The LPB welcomes the continued focus by the Committee on cyber security.

**A4 Moderate Risk (Likelihood – Probable / Impact Negligible) – 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.**

Officers explained to the LPB the steps, which are in place to manage this risk. The LPB is pleased that an independent third party (Northern Trust) has been appointed to contribute to this process and report its findings to the administering authority.

### **Impact Of Industrial Action**

The LPB queried whether the current risk register adequately captures the risks presented by industrial action. This is something the LPB will consider again at its next meeting.

5. Agenda Item 11: Work Programme for 2023/24

The LPB supports an evolutionary approach to its annual work programme, preferring continuity of focus where possible. The LPB has decided to remove two items from its work programme. The first is the 2022 valuation. This process has concluded and no longer requires LPB time. The second is investment pooling. The LPB has been receiving annual reports on this issue, however, investment pooling is now established and embedded in the fund's operations. It has become "business as usual" and issues the LPB needs to be aware of connected with investment pooling will be dealt with elsewhere.

The LPB has added three items to its work programme.

**Cyber Security.**

In addition to the proposed training the Fund intends to deliver to the Committee and the Board, the LPB considers it needs to receive six monthly reports on this issue.

**Self-Assessment Against The Knowledge and Skills Framework**

The LPB has not undertaken this exercise since 2018. Four of the current LPB members have joined the LPB since that time. It is considered appropriate to do a self-assessment again to inform the training needs of LPB members.

**TCFD**

This area is an important mechanism to assess the carbon footprint of the fund. It is also an evolving area. The LPB was unable to decide the level of focus to give this topic at this stage. The LPB will review the level of focus at a future meeting.

**Closing Remarks from the Chair**

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

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

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## Local Pension Board – Quarterly Report

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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:**

<b>Background Paper</b>	<b>File Ref:</b>	<b>File Location</b>
Local Pension Board Reports and Agenda	N/a	Pensions Office, Town Hall, South Shields