



South Tyneside Council

Local Pension Board

Date: 17 December 2024

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

Report of the Head of Pensions

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 18 October 2024. Attached is a copy of the Local Pension Board Chair's report that was presented to Pensions Committee on 29 November 2024.
3. The Board is asked to note the report.

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 18 October 2024**

1. Purpose of the Report

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 Thursday 4 July 2024.

2. Recommendations

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

3. Outcomes from the Local Pension Board (LPB) Meeting

The quarterly meeting of the Local Pension Board (LPB) took place on Friday 18 October 2024 at South Tyneside Council offices. I am pleased to report that the meeting was quorate. Apologies were received from Cllr Ernest Gibson (Chair).

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

Joint Working with the Teesside Pension Fund

Although this was not on our formal agenda due to the constraints of the tender process, the Head of Pensions gave the LPB a verbal report of the proposals. The LPB is supportive of the proposal and can see that there are benefits for both funds, particularly as both funds already have strong relationships via their membership of the same pool as well as in other areas. The LPB will review its work programme with a view to including this as a new area of focus. The LPB is anxious that this significant development receives the LPB's oversight as part of the LPB's remit.

Agenda Item 7 Risk Management and Internal Audit

Quarterly monitoring of the Risk Register and the internal audit programme has been delegated by Pensions Committee to the LPB. Since the last Board meeting there have been three changes to the Risk Register. These are:

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 has been changed from "Near Certain / Marginal (High)" to "Probable / Marginal (High)";

Risk S6 "Key people leave, and this places a strain on remaining resources to cover the role and responsibilities." This has been changed from "Probable / Marginal (High)" to "Near Certain / Marginal (High)"

Risk S9 “Insufficient resources create problems in service delivery.” This has been moved from “Near Certain / Marginal (High)” to “Probable / Marginal (High)”

The LPB agreed with all of the changes.

The LPB also considered in detail two further items on the Risk Register:

“L1 - High Risk (Likelihood – Near Certain / Impact – Marginal) - Failure to apply the Regulations correctly in relation to benefits, especially where changes may be retrospective (eg McCloud).”

The LPB had a long discussion in relation to this risk, in particular, whether the “marginal” impact is appropriate. The LPB acknowledges that it is very hard to quantify the impact of, particularly, retrospective legislation. After our discussion, the LPB concluded that the “marginal” impact of this risk remains appropriate.

“G2 - Moderate Risk (Likelihood – Possible / Impact Marginal) – Following the move to asset pooling the Fund has reduced control over the implementation of the Investment Strategy which may lead to sub optimal decisions being taken on behalf of Tyne and Wear Pension Fund.”

The LPB agreed that this item on the Risk Register remains appropriate.

In relation to the 2023/2024 audit programme, a funding and investment strategy review was undertaken by Isio with “Substantial Assurance” awarded. Scheme Employer Representatives on the LPB queried the usefulness of the recommendations made by Isio following the audit (as many of the recommendations were impractical or work had already been performed by the fund which mitigated the risk). All LPB members concurred with these observations. The LPB recommends that Isio’s terms of reference for any future reviews are carefully drafted to increase the value of the work they undertake on the fund’s behalf.

Item 10 Pensions Processing and Item 11 Pensions Administration.

The Pensions Committee will be aware that the LPB has placed a considerable focus on these areas, particularly in light of the processing backlogs that have been experienced for some time. The LPB is confident that the Administering Authority has a good understanding of what the problems are and how they have arisen. The LPB also recognises that the Administering Authority has been innovative in trying to improve the backlogs (e.g., enhanced recruitment procedures, restructuring of the pensions office etc.). It is reasonable to conclude, therefore, that part of the issue is related to insufficient resource. The LPB is supportive of the proposed increase in the number of staff via the “Processing Task Force” and other increases in the headcount. The LPB recommends the Pensions Committee approves the proposals made by the Administering Authority if/when asked.

The LPB looks forward to measurable improvements in the processing backlogs (and other improvements in service delivery) and will continue to look closely at this issue.

Elizabeth Vollans (Principal Governance and Funding Manager)

The LPB noted that Liz will be taking up a new role at East Riding Pension Fund and that this meeting was the last LPB Liz will attend before talking up her new position. The LPB would like to thank Liz for all the high-quality support Liz has provided the Board. Always professional. Always friendly. We wish her well for the future.”

4. Closing Remarks from the Chair

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

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

Local Pension Board – Quarterly Report

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
Local Pension Board Reports and Agenda	N/a	Pensions Office, Town Hall, South Shields