

Teesside Pension Board

Annual Report 2017 – 2018



1. Background

The **Teesside Pension Fund** is the Local Government Pension Scheme (LGPS) for local authority employees in the Teesside region (and employees working for other bodies that are eligible to participate). The Fund has 68,829 members, and assets of more than £3.9 billion.

The administering authority for the Teesside Pension Fund is Middlesbrough Council on behalf of all participating employers. The Council has granted authority to manage the investments of the fund (within the requirements of the Local Government Pension Scheme Regulations) to the **Teesside Pensions Fund Committee** which has plenary powers to make decisions without reference to the Council. The Committee consists of elected members of Middlesbrough Council, representatives from the other unitary authorities, the trades unions and the Fund's Investment Advisers. At present, voting rights are held by all members with the exception of the trades union representatives.

Section 5 of the *Public Service Pensions Act 2013* required every LGPS to establish a Board to assist in assuring that the administration of its Pension Scheme complies with all relevant legislation. Pensions Boards are specifically required to assist in:

- (a) securing compliance with:
 - (i) the *Local Government Pension Scheme (Amendment) (Governance) Regulations 2015*
 - (ii) any other legislation relating to the governance and administration of the Scheme and any statutory pension scheme that is connected with it
 - (iii) any requirements imposed by the Pensions Regulator in relation to the Scheme, and
- (b) ensuring the effective and efficient governance and administration of the Scheme.

In accordance with the *Public Service Pensions Act 2013* and the 2015 Regulations, the **Teesside Pension Board** was created on 1 April 2015 to assist in the administration of the Teesside Pension Fund. The Board's formal statement of purpose is:

To assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:

- (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- (b) to ensure the effective and efficient governance and administration of the Scheme.

The Board consists of six voting members – three employer representatives and three member representatives. Two employer representatives are appointed from the Councils of Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees, and one employer representative is chosen from all other Scheme employers. Two member representatives are appointed from the recognised trades unions representing employees who are Scheme members, and one member representative is appointed from the pensioner Scheme members.

The new Chair took up the role in July 2017 having previously been the Deputy Chair and the board agreed to extend his tenure in line with the financial year to March 2019. From April 2019 the Chair will be in post for two years and rotated on a bi-annual basis with the Deputy Chair. Each post is held by one employer representative and one Scheme member representative.

This is the second Annual Report of the Board, for the period 1 April 2017 to 31 March 2018.

2. Introduction

Welcome to the second Annual Report of the Teesside Pension Board.

The Board seeks to assist the administering authority of the Teesside Pension Fund to maintain effective and efficient and governance and continue to be supported in this role by officers of Middlesbrough Council (the administering authority for Teesside Pension fund). We have also been assisted by specialist external advisers resulting in some changes to our policies and procedures and also by staff from Kier Business Services, who deal with the day to day pension administration.

As reported last year Teesside Pension Fund has been required to enter into an agreement with other Funds as a result of Government decision. Teesside Pension Board has regularly received updates and commented on the process of establishing Border to Coast Pension Partnership (BCPP) which will in future work to invest funds on behalf of the Teesside Pension Fund and others.

The Board is conscious that the Teesside Pension Fund continue to still have low running costs and remains fully funded at present. The Board will therefore continue to look closely at pooling proposals to satisfy itself that any movements of assets into BCPP remains in the interest of the Teesside Pension Fund and its members.

3. Work programme 2017 – 2018

Over the course of 2017/18 four meetings were held and the Board has continued its role and responsibilities to ensure effective governance.

Training

- continue the ongoing programme of further training on investment performance & risk management, and financial markets & product knowledge
- review its training needs and develop a training plan this is to be built up over the following year
- invite the Pension Regulator to provide training on the work of the Regulator, and on recent developments and priorities
- receive training on current and emerging issues, including:
 - the requirements of the new General Data Protection Regulation (GDPR)
 - the risks associated with HMRC's current reconciliation exercise on "contracting out" contributions
 - the accuracy of membership data

- increase its practical knowledge of the work of the pension administrators.

Governance & policies

- in consultation with the Committee, review governance arrangements and implement any necessary changes to ensure that the Teesside Pension Fund adheres to best practice and fully meets modern governance expectations
- monitor documents required by the Regulations to ensure they are regularly reviewed and approved
- assess compliance against the Pension Regulator's Code of Practice
- review arrangements for ensuring that the Fund is providing value for money in relation to its contractual requirements
- regularly review the minutes of the Teesside Pension Fund & Investment Committee meetings and decisions taken
- receive Internal Audit reports
- receive the report of the External Auditors
- receive, and comment upon, the Annual Report and Accounts
- ensure that appropriate action is being taken to minimise any potential debt impact resulting from HMRC's reconciliation between its own records and Fund records relating to "contracting out" contributions.

Performance

- review the measures used to assess performance of the Fund
- examine the pension administration unit's compliance with key performance requirements agreed in the SLA
- consider the timeliness of collecting employer contributions
- monitor actions to improve communication with employers and members.

Risk

- continue to monitor progress towards setting up the Border to Coast Pension Partnership, to ensure that the initiative is in the long-term benefit of the Teesside Pension Fund
- continue to monitor staffing levels, to ensure that the Fund continues to be able to fulfil its core functions
- reinvigorate the Risk Register and keep it under review
- use the forthcoming review of the employer covenant process to provide assurance that risk is minimised
- keep the cost and risk implications of MiFIR and MiFID II under review
- respond to guidance from the Pensions Regulator regarding areas considered nationally to be at greatest risk of breach (currently record keeping, internal controls and poor & ineffective communication) to ensure that these areas are monitored effectively
- satisfy itself that all necessary steps are being taken to ensure the accuracy of membership data, and compliance with the Pension Regulator's requirements for data accuracy

- ensure that a strategy is in place to manage any debt impact which might result from HMRC’s current reconciliation exercise on “contracting out” contributions
- monitor compliance with the requirements of the new GDPR.
- attendance at the CIPFA/Barnett Waddingham event – Local Pension Boards Two Years on
- attendance at regional meeting with a representative from the Pensions Regulator

4. Work programme 2018 – 2019

The board will continue to develop their work programme. This is a fluid document and one which evolves as members knowledge and understanding of their roles evolve and also as situations arise within the authority that require the Boards attention/consideration.

We aim to:

- Continue to work closely with Officers and Members of the Authority
- Undertake any further training or attendance at events for Board members as appropriate and continue to revise our training and development programme
- invite the Pension Regulator to provide training on the work of the Regulator, and on recent developments and priorities
- Continued and close involvement with the Teesside Pension Fund Administrators

Appendix – Board membership and meeting attendance

Membership

Jackie Cook	member representative (UNITE)
Graham Clyburn	member representative (UNISON)
Colin Monson <i>Deputy Chair 2015/16, Chair 2016/17, Deputy Chair 2017/18</i>	member representative (retired members)
Nicky Walker <i>Chair 2015/16</i>	employer representative (Councillor, Middlesbrough Council)
Gary Whitehouse <i>Deputy Chair 2016/17 Chair 2017/2018</i>	employer representative (Middlesbrough College)
Barry Woodhouse	employer representative (Councillor, Stockton Council)

Meeting attendance:

	24 April 2017	24 July 2017	6 Nov 2017	26 Feb 2018
G Clyburn	✓	✓	✓	✗
J Cook	✗	✗	✓	✓
C Monson	✓	✓	✓	✓
N Walker	✓	✓	✓	✓
G Whitehouse	✓	✓	✓	✓
B Woodhouse	✗	✓	✗	✗