

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 8

TEESSIDE PENSION FUND COMMITTEE REPORT

27 JUNE 2018

STRATEGIC DIRECTOR FINANCE, GOVERNANCE & SUPPORT – JAMES BROMILEY

PRACTICAL IMPLICATIONS OF THE NEW STAFFING STRUCTURE POST POOLING

1. PURPOSE OF THE REPORT

- 1.1 To request a change to the Investment Strategy Statement and Officer Scheme of Delegation, and Treasury Management Principles following the implementation of the new staffing structure.

2. RECOMMENDATION

- 2.1 It is recommended that Members agree to the changes proposed to the:
- Investment Strategy Statement;
 - Officer Scheme of Delegation; and
 - Treasury Management Principles.
- 2.2 It is recommended that future changes to these documents is delegated to the Strategic Director Finance, Governance and Support and retrospectively reported back to the Teesside Pension Fund Committee (the Committee). (This delegated authority is currently in place for the Treasury Management Principles.)

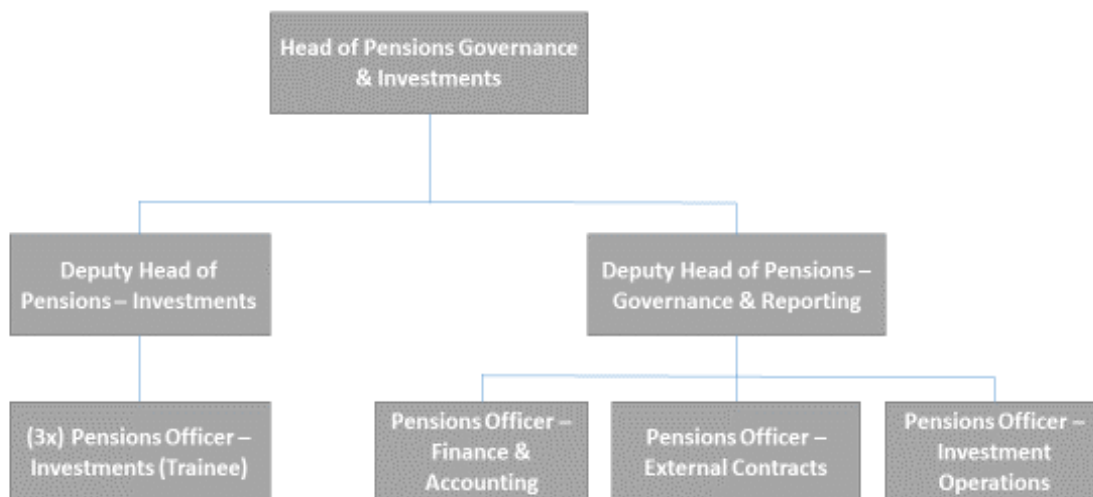
3. FINANCIAL IMPLICATIONS

- 3.1 There are no particular financial implications arising from this report.

4. BACKGROUND

- 4.1 As Members are aware, the Fund has made the decision following guidance and legislation from central government to pool its investment assets with Border to Coast Pension Partnership (BCPP). As part of this decision and making this new arrangement, the existing staffing structure would TUPE to BCPP, requiring the Fund to implement a new structure to cope with the differing workload of managing the BCPP relationship and managing the legacy assets until BCPP took over the running of the whole Fund's investments assets.

4.2 At the December 2017 Committee meeting, the Committee agreed in principle a new staffing structure and delegated authority to the Strategic Director Finance, Governance and Support to finalise the new structure. Following the staff consultation on TUPE, the finalised structure will be put in place on the same date as TUPE to BCPP, as follows:



4.3 For the Fund to continue to function, changes accommodating the new staffing structure are require for:

- Investment Strategy Statement (incorporating the Management Agreement);
- Officer Scheme of Delegation; and
- Treasury Management Principles.

5. INVESTMENT STRATEGY STATEMENT/OFFICER SCHEME OF DELEGATION

5.1 The Teesside Pension Fund Committee agreed delegated investment limits, contained in the Fund’s Investment Strategy Statement and Officer Scheme of Delegation in December 2017. The current daily dealing authority and limits for officers of the Fund are:

	Stock Limit				Floor Limit
	Equities	Bonds	Property	Pooled Funds	Total
Level 1					

	Stock Limit				Floor Limit
	Equities	Bonds	Property	Pooled Funds	Total
Head of Investments	£10m	£10m	£25m	£25m	£50m
Fund Manager	£7m	£10m	£25m	£25m	£40m
Level 2					
Investment Managers	£5m	£10m	N/A	£10m	£20m
Treasury Manager	£5m	£10m	N/A	£10m	£30m
Trainee Investment Manager	£2m	N/A	N/A	£5m	£10m

- 5.2 It is proposed that these are updates to reflect both the new staffing structure and the changing role of staff in the new structure, as investments Property and Alternative Investments (usually Pooled Funds) increase and Equity and Bond investments decline as BCPP take ownership of investing these investments assets. The proposed new daily delegated authority and limits are:

	Stock Limit				Floor Limit
	Equities	Bonds	Property	Pooled Funds	Total
Level 1					
Head of Pensions Governance and Investments	£10m	£20m	£25m	£25m	£50m
Deputy Head of Pensions – Investments	£10m	£15m	£25m	£25m	£50m
Level 2					
Pensions Officer – Investments	£5m	£10m	£15m	£15m	£30m
Trainee Pensions Officer – Investments	£2m	N/A	N/A	£5m	£10m

- 5.3 It is envisaged that there will be a “settling in” period with these new limits and there will be further changes required to accommodate the changes at the Fund.

- 5.4 In addition, there is a proposal to introduce a change to reporting lines with the Head of Pensions Governance and Investments retaining the position as Head of Service, but reporting directly to the Head of Financial Governance and Revenues (and deputy Section 151 Officer for Middlesbrough Council). If this proposal is implemented, then this officer should also have Level 1 delegated limits and these should be equal to the Head of Pensions Governance and Investments initially. This change will be implemented following the conclusion of an on-going consultation.
- 5.5 Also, not all current posts are transferring under TUPE to BCPP, and it is proposed as a short term measure that the existing delegated authority and limits remain in place for existing posts until the personnel in these positions exit the Fund upon which time these limits will cease.

6. TREASURY MANAGEMENT PRINCIPLES

- 6.1 The Fund's Treasury Management Principles (TMPs) were last update at the December 2017 Committee Meeting. In order to incorporate the new staffing structure and new job titles, an updated version of the Fund's TMPs is attached as Appendix A.
- 6.2 Not all current posts are transferring under TUPE to BCPP, and it is proposed as a short term measure that the existing delegated authority and limits remain in place for existing posts until the personnel in these positions exit the Fund upon which time these limits will cease.

CONTACT OFFICER: Paul Campbell – Head of Investments & Treasury Management

TEL NO.: 01642 729024