

TEESSIDE PENSION BOARD

A meeting of the Teesside Pension Board was held on Monday 11 September 2023.

PRESENT: P Thompson (Chair), J Bell and Massey, (Redcar and Cleveland Council)

ALSO IN ATTENDANCE: P Mudd (XPS Administration)

OFFICERS: S Lightwing, N Orton and W Brown

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillor N Walker (Middlesbrough Council) and J Stubbs

23/1 **WELCOME, INTRODUCTIONS AND EVACUATION PROCEDURE**

The Deputy Chair opened the meeting, welcomed all present and read out the Building Evacuation Procedure.

23/2 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item/Nature of Interest
Jeff Bell	Non pecuniary	Member of Teesside Pension Fund
Councillor C Massey	Non pecuniary	Deferred Member of Teesside Pension Fund

23/3 **APPOINTMENT OF CHAIR AND DEPUTY CHAIR**

A report of the Interim Director of Finance was presented to request that Members of the Teesside Pension Board (the Board) confirm the appointment of the Deputy Chair as Chair of the Board, and ask the newly appointed Chair to appoint a new Deputy Chair from the employer representatives.

A copy of the Teesside Pension Board's Terms of Reference was attached at Appendix A to the submitted report and the current Board membership and expected terms of office were set out in a table at paragraph 4.4 of the submitted report for information.

Following the local elections in May the previous Board Chair was not re-elected and so had to stand down from the Board. Under the Board's Terms of Reference, the current Deputy Chair was due to become Chair two years after their appointment as Deputy Chair which would be on 21 February 2024. It was reasonable to bring this rotation forward to now, to avoid having a newly appointed scheme employer representative become Chair for a period of only five months. The current Deputy Chair had agreed to this proposal but consent from the Board was also required.

The Chair's term of office was for two years. Once appointed, the Deputy Chair would become Chair once the current Chair's two-year term of office was completed.

AGREED as follows that:

1. P Thompson was appointed Chair of the Teesside Pension Board for a two year term of office from the date of this meeting.
2. Cllr C Massey was appointed Deputy Chair of the Teesside Pension Board for a two year term of office from the date of this meeting.

23/4 **MINUTES - TEESSIDE PENSION BOARD - 17 APRIL 2023**

The minutes of the meeting of the Teesside Pension Board held on 17 April 2023 were taken as read and approved as a correct record.

It was highlighted at the At Ease newsletter had not been published in June 2023 as scheduled and it was confirmed that the newsletter would be issued in the next six to eight weeks. It had been agreed that readers should be invited to ask questions about the pension fund and that responses should be published in the newsletter.

NOTED

23/5

MINUTES - TEESSIDE PENSION FUND COMMITTEE - 15 MARCH 2023

A copy of the minutes of the meeting of the Teesside Pension Fund Committee held on 15 March 2023 were submitted for information.

In relation to a query regarding the Fund's exposure to tobacco companies, the Head of Governance and Investments confirmed that information provided to the Committee would be circulated to all Board Members.

NOTED

23/6

TEESSIDE PENSION FUND COMMITTEE - 28 JUNE 2023

The Head of Pensions Governance and Investments provided a verbal update on agenda items considered at a meeting of the Teesside Pension Fund Committee held on 28 June 2023.

The regular reports were presented including the activity report on investments and the external manager reports.

The most significant item at the meeting was a presentation from Border to Coast Pensions Partnership (BCPP) regarding a Real Estate proposition. This proposal was to take Teesside's directly owned properties and those of three other Funds and pool them together.

One of the main issues was that if the Fund agreed to the proposal it would lose control of the properties and have to rely on a new investment manager to run the portfolio, as well as speculating that the other Funds' portfolios were of the same quality as Teesside's.

Regardless of whether or not Teesside agreed to the proposal to pool its property portfolio, it would still be able to invest in the BCP property fund if it wished. Committee and Board Members had been invited to a training session on property investment in general in preparation for making a decision on whether or not to pool its property portfolio. It was anticipated that the Teesside Pension Fund Committee would make a decision at the December meeting.

AGREED that the information provided was received and noted.

23/7

POOLING CONSULTATION

A report of the Interim Director of Finance was presented, the purpose of which was to:

- Advise the Members of the Teesside Pension Board (the Board) of an ongoing government consultation: "Local Government Pension Scheme (England and Wales): Next steps on investments" which set out a proposed direction of travel in relation to investment pooling on the Local Government Pension Scheme (LGPS).
- Explain the process being followed in relation to the Pension Fund and Border to Coast Pensions Partnership ('Border to Coast') responding to the consultation.
- Outline the main points the Pension Fund was likely to make in response to the consultation.

Border to Coast, together with its Partner Funds, had been working to develop a joint response to the consultation, which was being drafted at the time of writing this report. Alongside this joint response, which it was expected all Partner Funds would be able to sign up to, each Partner Fund would also be submitting a response to government. These

individual responses might emphasise particular aspects or cover areas of special concern to each Fund but were not expected to contradict the general collective approach being developed by all the pool participants. A response from the Teesside Fund would be presented to the Pension Fund Committee on 27 September for comments and approval.

Much of what the Government was proposing was in line with the approach to pooling that had already been adopted by Border to Coast and its Partner Funds.

Questions from the consultation together with some summary comments on collective response that was likely to be given from Border to Coast and its Partner Funds were set out at paragraph 5.3 of the submitted report.

Areas the Teesside Fund was likely to emphasise in its own response to the consultation included:

- Re-iterating resistance to the Government's continuing attempts to direct Funds as to how to allocate their assets. The 2015 consultation started with a drive to use LGPS Funds to pay for UK infrastructure projects, the latest iteration looks to leverage LGPS assets to help pay for the Government's 'levelling-up' agenda.
- Caution around the drive to invest in private assets – although private market performance had been very good over recent years, past performance was no guarantee of future outcomes, and with an era of 'cheap money' seemingly coming to an end there was a risk Funds could be directed inappropriately into illiquid investments that might not deliver expected outcomes.
- The consultation suggested the 'deadline' for the transfer of non-listed assets into Funds could easily be 31 March 2025 as well. In fact, there were significant barriers associated with transferring these assets. One in particular the Government could alleviate, would be to allow the transfer of property assets from a Fund to a Pool without incurring stamp duty.

The consultation period would end on 2 October 2023. The expectation was that the Government might either announce the outcome of the consultation or give a strong steer as to its likely announcement in the Autumn Statement (expected to be in November). The Board would be kept up to date with future developments on the guidance and/or regulations relating to LGPS investment pooling.

A Board Member commented that the Fund's assets should not be used to implement central government policy objectives and suggested that this view should be worded as strongly as possible in Teesside's consultation response.

AGREED that the information provided was received and noted.

23/8

UPDATE ON WORK PLAN ITEMS

A report of the Interim Director of Finance was presented to provide information on items scheduled in the work plan for consideration at the current meeting and to ask the Board to consider what items should be added to the work plan for the meetings next year.

Owing to the later preparation of the draft Pension Fund Annual Report and Accounts this year, the work plan item reviewing this document had been deferred to the November Board meeting, and the items due to be considered in November had been brought forward to this meeting. These changes were reflected in the Work Plan, a copy of which was attached at Appendix A to the submitted report.

The work plan at Appendix A required further items adding for meetings in 2024 onwards. The Head of Pensions Governance and Investments would bring an updated plan to the next meeting, taking into account any discussion or suggestions received at today's meeting. Pensions Dashboard and the Board's statutory responsibilities were suggested as items for consideration.

Board and Committee Members were able to access an online training programme facilitated by Hymans Robertson.

Appendix B to the submitted report set out the Board's Conflict of Interests Policy. Although experience showed conflicts very rarely arose within the running of the Board, it was important to be aware of the possibility and to have adequate procedures and advice available should they occur.

AGREED as follows that the:

1. information provided was received and noted.
2. text of the Board's statutory responsibilities from the Terms of Reference to be added to the agenda template.

23/9

XPS ADMINISTRATION REPORT

A report was presented to provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration.

The report provided information on the following:

- Overview
- Member Movement
- Member Self Service
- Pension Regulator Data Scores
- Customer Service
- Completed Cases Overview
- Completed Cases by Month
- Complaints

The following issues were highlighted:

On 20 February 2023, HM Treasury published a written ministerial statement confirming the rates of annual revaluation, earnings and pensions increase (PI) due to apply in April 2023 as 10.1%. This increase was applied to pensions in payment, Career Average Pensions accrued to 31/03/2023 and Deferred pensions.

Work was ongoing by XPS to address the discrimination found in the McCloud judgment and to ensure that employers provided the necessary data in a timely way.

The introduction of the Pensions Dashboard had been delayed until October 2026. The previously planned tapered approach for joining the Dashboard had been abandoned and every organisation would have to connect by October 2026.

Membership movement had increased in all categories with the highest amount of people ever in the Fund.

XPS had launched a digital first approach although members would not be mandated to use it. There was still a low uptake on Member self-service.

Common Data Score was static at 95.91% and XPS were in discussion with a supplier regarding some work on addresses and life certification.

With regard to the late payment analysis there were four employers that had not paid contributions within the required timescale. An email was sent to regular offenders asking them to explain why contributions were being paid late and health checks had been initiated with these employers.

The Key Performance Indicators (KPIs) were at 100 percent for the quarter.

AGREED that the information provided was received and noted.

23/10

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED

None.

