

# TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

## TEESSIDE PENSION BOARD REPORT

8 FEBRUARY 2021

STRATEGIC DIRECTOR FINANCE, GOVERNANCE & SUPPORT – JAMES BROMILEY

### BOARD WORK PLAN REVIEW

#### 1. PURPOSE OF THE REPORT

- 1.1 To ask Members of the Teesside Pension Board (the Board) to review the future work plan that was agreed at its 10 February 2020 meeting, and suggest any areas to cover in meetings from July 2021 onwards.

#### 2. RECOMMENDATION

- 2.1 That Members provide suggestions for items to add to the work plan for July 2021 onwards.

#### 3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications arising from this report. Should any additional budget be required to carry out any aspects of the plan, this will be authorised by the Pension Fund Committee through the normal budget process.

#### 4. BACKGROUND

- 4.1 The Board's Terms of Reference summarise the purpose and duties of the Board as follows:

##### **"Statement of purpose**

6. The Board is responsible for assisting the Administering Authority:

(a) to 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.

7. The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund. The Board makes recommendations and provides assurance to assist in the management of the Fund.

### **Duties of the Board**

8. The Board should at all times act in a reasonable manner in the conduct of its purpose. It will ensure that in performing their role it is:

- done effectively and efficiently and
- complies with relevant legislation and
- done by having due regard and in the spirit of the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator and any other relevant statutory or non-statutory guidance.

9. In support of this duty Board members should be subject to and abide by the Code of Conduct for Board members. The Board will adopt Middlesbrough Borough Council's Members' Code of Conduct for this purpose."

4.2 More detail on the areas a pension board is expected to concentrate on is available on The Pension Regulator's website and the website of the national Scheme Advisory Board for the Local Government Pension Scheme (LGPS).

4.3 The Pensions Regulator's website lists the following areas of governance and administration that those responsible for running, overseeing or advising a public service pension scheme need to focus on:

- **“Reporting duties**  
Managers of public service pension schemes must ensure that the scheme return we issue each year is completed on time. They must also tell us of any changes to their scheme's 'registrable information' as soon as possible.
- **Internal controls and managing risks**  
Public service pension schemes need to have good internal controls. They are a key characteristic of a well-run scheme and will enable risks to the scheme to be managed effectively.
- **Record-keeping**  
Failing to maintain complete and accurate records can affect the ability of your public service pension scheme to carry out basic functions. Accurate record-keeping is crucial in ensuring that benefits are paid correctly.
- **Communicating to members**  
Members of public service pension schemes need to receive information to help them understand their pension arrangements and make informed decisions.
- **Publishing scheme information**  
Certain information relating to public service pension schemes needs to be published so that scheme members and interested parties know that their scheme is being managed effectively.

- **Maintaining contributions**  
Public service pension schemes need to have procedures and processes that enable you to effectively monitor pension contributions, resolve payment issues and report payment failures.
- **Pension board conflicts of interest and representation**  
In public service pension schemes, potential conflicts of interest need to be identified and managed to prevent actual conflicts of interest arising.
- **Resolving internal disputes**  
Internal dispute resolution (IDR) arrangements play an important part in the management of a public service pension scheme. They enable someone with an interest in the scheme to ask for a matter in dispute to be resolved.
- **Reporting breaches of the law**  
Certain people involved with the governance and administration of a public service pension scheme must report certain breaches of the law to us.”

(from <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management> )

- 4.4 The Scheme Advisory Board produced best practice guidance on the creation and operation of Local Pension Boards, this guidance provides more detail of suggested areas and activities that LGPS Pension Boards can focus on. An annotated extract from the guidance, showing how the Board has covered or will cover each area, is enclosed as Appendix A, the full guidance can be found at the following link:  
[http://www.lgpsboard.org/images/Guidance/LGPS\\_Board\\_Guidance\\_FINAL\\_PUBLISHEDv1%201clean.pdf](http://www.lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%201clean.pdf)

## 5. CURRENT WORKPLAN

- 5.1 The current work plan was prepared taking into account the work the Board has already covered since its creation, the guidance from the Pensions Regulator and the Scheme Advisory Board, and was agreed at the Board’s 10 February 2020 meeting. The work plan is intended to be a living document and can be updated and amended at any point. It can also be changed whenever national guidance is updated.
- 5.2 The items on the work plan will be delivered mainly through reports provided at future Board meetings from the Head of Pension Governance and Investments.
- 5.3 The current work plan intentionally has the phrase “to be determined” shown for meetings from July 2021 onwards, and this gives an opportunity for the Board to make suggestions as to areas they would like to focus, or re-focus on.

<b>Teesside Pension Board Work Plan</b>		
<b>Date of Board meeting and any standard items scheduled</b>	<b>Suggested areas of focus (from the Pensions Regulator's list)</b>	<b>Suggested activities (from the Scheme Advisory Board guidance)</b>
10 February 2020		Review the outcome of actuarial reporting and valuations.
20 April 2020	Reporting breaches Maintaining contributions Reporting duties	Review the outcome of actuarial reporting and valuations.
27 July 2020 Annual Board Report Draft Report and Accounts	Pension board conflict of interest	
2 November 2020 Annual Review of Board Training	Communicating to members Publishing scheme information	Review standard employer and scheme member communications
8 February 2021	Internal controls and managing risks	Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
19 April 2021 Annual Board Report	Record keeping Resolving internal disputes	Review performance and outcome statistics Review handling of any cases referred to Pensions Ombudsman
July 2021 Draft Report and Accounts	To be determined	Review procurements carried out by Fund
November 2021 Annual Review of Board Training		Review the complete and proper exercise of employer and administering authority discretions.
February 2022		To be determined
April 2022		
July 2022 Annual Board Report Draft Report and Accounts		
November 2022 Annual Review of Board Training		
February 2022		

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## Appendix A – Functions of an LGPS Pension Board

(taken from “Schedule A – Example remit of a Local Pension Board” from the Scheme Advisory Board’s document “Guidance on the creation and operation of Local Pension Boards in England and Wales)

<b>Function</b>	<b>When</b>	<b>How</b>
Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	Ongoing	Review of Committee papers and minutes, attendance at meetings.
Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.	November 2018	Code of Practice gap analysis
Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	November 2018	Code of Practice gap analysis
Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	Ongoing	Consider and review as statements are updated by Committee
Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	Schedule into work plan	Review standard employer and scheme member communications
Monitor complaints and performance on the administration and governance of the scheme.	Ongoing	XPS quarterly report
Assist with the application of the Internal Dispute Resolution Process.	Schedule into work plan	Review performance and outcome statistics
Review the complete and proper exercise of Pensions Ombudsman cases.	Schedule into work plan	Review handling of any cases referred to Pensions Ombudsman
Review the implementation of revised policies and procedures following changes to the Scheme.	As required	Following legislative changes to the Scheme
Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	Schedule into work plan	
Review the complete and proper exercise of employer and administering authority discretions.	Schedule into work plan	
Review the outcome of internal and external audit reports.	Ongoing	Audit reports and outcomes are supplied to Committee and Board
Review draft accounts and scheme annual report.	Annually	Accounts presented to

<b>Function</b>	<b>When</b>	<b>How</b>
		July Board
Review the compliance of particular cases, projects or process on request of the Committee.	As required	
Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.	As required	
Assist with the development of improved customer services.	Ongoing	
Monitor performance of administration, governance and investments against key performance targets and indicators.	Ongoing	XPS quarterly report
Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.	Schedule into work plan	Review procurements carried out by Fund
Monitor investment costs including custodian and transaction costs.	Annual	Included in accounts
Monitor internal and external audit reports.	Ongoing	Audit reports and outcomes are supplied to Committee and Board
Review the risk register as it relates to the scheme manager function of the authority.	Periodically	As risk register is presented to Committee and Board
Assist with the development of improved management, administration and governance structures and policies.	As required	
Review the outcome of actuarial reporting and valuations.	Schedule into work plan	
Assist in the development and monitoring of process improvements on request of Committee.	As required	
Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.	As required	Asset voting and engagement mainly delivered by Border to Coast post-pooling
Any other area within the core function (i.e. ensuring effective and efficient governance of the Scheme) the Board deems appropriate.	As required	