South Tyneside Council

item 7

Pensions Committee
Date: 12 June 2026

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

Report Sponsor: Paul McCann, Assistant Director (Pension Fund) and Senior LGPS Officer.

Recommendation

1. The Committee is recommended to note the report.

Executive Summary

2. This report informs the Committee about the Local Pension Board meeting held on 27 March 2026. Key points to note are:

   - Local Pension Board Role: The LPB was established under the Public Service Pensions Act 2013 to assist the Committee with pensions administration and governance.
   - Risk Register Review: The Board discussed the outcomes of the Risk Register Review undertaken by the Officer Leadership Team. The Board was pleased with the action taken on key-person risk and supported the changes made by officers to the risk register.
   - Cyber Security: The Fund is undertaking a cyber security assessment using Aon's scorecard and plans to develop a Cyber Security Policy, Resilience Plan and Recovery Plan. Cyber security training will be provided to the Committee and the Board.
   - Operational updates: Reports on pensions processing, administration performance, breaches of law, service plan progress and employer matters were reviewed, with no major issues raised. Recruitment aims to address backlogs.

Contact Officer: Paul McCann, Assistant Director (Pension Fund)

Background

3. The Public Service Pensions Act 2013 introduced the requirement to have a Local Pension Board to assist with pensions administration and the good governance of the Scheme.

4. South Tyneside Council ratified the establishment of the Board with effect from 26 May 2015. The Board meets four times a year and consists of four employer representatives and four Scheme member representatives.

5. The Board formally reports to Pensions Committee on an annual basis through the provision of a Chair's Report.

6. To supplement the written reports to the Committee, separate meetings take place as needed between the Chair and Vice Chair of Pensions Committee, the Chair and Vice Chair of the Local Pension Board, the Principal Governance and Funding Manager, and the Head of Pensions. This has helped to coordinate work.

Local Pension Board Activity

7. The Local Pension Board largely sets its own agenda. However, with the agreement of the Local Pension Board, some work has been formally delegated to the Local Pension Board from Pensions Committee.

8. At the same time as delegating some work from the Committee to the Local Pension Board, and in order to ensure that all relevant Board meeting outcomes are captured and considered by the Committee, it has been agreed that the Chair of the Board will provide a quarterly report to the Committee.

9. This report will identify any issues of concern the Board may have and provide a mechanism for the Local Pension Board to make recommendations to the Committee.

10. The most recent meeting of the Local Pension Board took place on 27 March 2026. The draft minutes of this meeting, along with the Report of the Chair of the Tyne and Wear Local Pension Board, are attached.

Recommendation

11. The Committee is recommended to note the report.

Reason for Recommendation

12. To help improve the governance and administration of the Fund.

Report Author: Paul McCann, Assistant Director (Pension Fund) and Senior LGPS Officer.

Tyne and Wear Pension Fund

Report of the Chair of the Local Pension Board

Meeting of 27 March 2026

The quarterly meeting of the Local Pension Board (LPB/ the Board) took place on Friday 27 March 2026 at South Tyneside Council (STC) offices and online via Teams. I am pleased to report that the meeting was quorate.

Apologies were received from Tony Carr (Member Representative), John Pearson (Member Representative), Tracey Bell (Employer Representative) and Councillor Chris Davies (Employer Representative).

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 27 March 2026.

2. Recommendations

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

3. Outcomes from the meeting

The following significant items were discussed at the meeting.

Agenda Item 8 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 changes to three items on the register.

These are:

Risk F5 – "The Fund is left with a deficit when an employer leaves with inadequate provision for the deficit".

This has been changed from "Possible / Marginal (Moderate)" to "Possible/ Negligible (Minor)".

Various factors have impacted this risk including current funding level, high gilt yields, DfE college guarantee and covenant assessments. These all have had a positive effect and therefore the risk has been downgraded.

Risk S6 – "Key people leave, and this places a strain on remaining resources to cover the role and responsibilities".

This has been changed from “Near Certain / Marginal (High)” to “Near Certain / Significant (Critical)”.

At the December meeting the LPB requested that the impact of this risk be increased when officers next assessed the risk register which has been implemented.

The Fund has lost various senior team members recently which is putting additional strain on the remaining officers. Along with the significant impacts of the Teesside Shared Service, Fit for the Future consultation, administration of a valuation year and the changes to Border to Coast pooling this is putting an enormous amount of pressure on the remaining team members.

The Board’s position on this was also shared by the Committee resulting in the Committee Chair corresponding with STC.

The report to the STC HR Committee provided clarity over senior salaries in the fund and made remuneration more competitive with other peer funds in the LGPS, this should provide greater certainty over senior post retention and future recruitment.

Additionally, the move to a new HR operating system has resulted in a Council wide freeze on new post creation and restructure, officers are aiming to advertise senior posts in late spring or early summer.

Risk S17 – “The Fund’s AVC service provider is no longer committed to the LGPS market which impacts on the service standard provided.”.

There has been no change to the risk rating for this item however it is proposed that the wording is amended to be “The Fund’s AVC service provider fails to deliver to the required standard”.

It is felt that the risk description does not reflect the current position with the provider and therefore the wording is being amended to focus on their service delivery.

The LPB agrees with the amendments that have been made to the three risks above.

Additionally, at the December LPB meeting it was also requested that the impact of risk “S9 - Insufficient resources create problems in service delivery” be increased to significant from Marginal (High) to Significant (Critical). Officers have assessed this risk and have felt that it is appropriate to make no change to the impact level. This risk relates to all levels of staff and for more junior posts there has been significant number of appointments so far with another large recruitment exercise underway. On this basis, the LPB are therefore comfortable with the risk impact assessment to remain as Marginal (High).

The LPB also considered two risks in detail from the register:

G1 - High Risk (Likelihood – Probable / Impact – Marginal) - There may be a lack of knowledge and understanding by the Committee and Local Pension Board.

The Fund invests significant time and resources into training for LPB and Committee including twice yearly offsite training, standalone sessions, induction programmes and the Hymans Roberson online platform. The National Knowledge Assessment is also undertaken allowing officers and LPB/ Committee members to determine whether there are gaps in understanding. The LPB therefore agree with this risk assessment.

A3 - Moderate Risk (Likelihood – Possible / Impact Marginal) – The Fund does not have an appropriate strategic benchmark and an appropriate investment management structure.

On the basis that the benchmark is reviewed every three years in conjunction with the valuation and that there is a quarterly review of tactical positions the LPB agree with the assessment of this risk.

In the 2025/26 audit programme section, an internal audit has been undertaken by South Tyneside Council (STC) Audit Team on Death Grants. A medium priority recommendation has been raised, one section of which is that "Consideration is given to issuing of reminder letters to survivors earlier in the process". The LPB agree with the officers that this recommendation will not be implemented due to the sensitive nature of any communication with surviving relatives.

Agenda Item 11 Cyber Security

The Fund will be undertaking the Aon Cyber Security scorecard and will feed back with the results at the next Board meeting. Additionally, a session on Cyber Security will be added to the September Training agenda.

4. Closing Remarks from the Chair

I would like to thank all the Board members and the Fund officers for their helpful contributions in the meeting and also to thank Mick Brodie, employer representative who has attended his last LPB meeting prior to retiring on the 31 March 2026.

Rachel Dunn, Chair of the Local Pension Board
Tyne and Wear Pension Fund

Advance Copy: The Local Pension Board need to agree these minutes are accurate but cannot do this until its next meeting on 1 July 2026

South Tyneside Council

Local Pension Board Minutes
27 March 2026

Present: Rachel Dunn (*in the Chair)*, Nicholas Wirz, Tom Hunter & Mick Brodie (online)

Also in attendance:

Paul McCann (Head of Pensions)
Neil Sellstrom (Principal Investment Manager)
Heather Wake (Governance and Funding Manager)
Lindsey Davison (Members Services Manager)
Becky Durran and Scott Campbell (Aon)

Apologies: Tony Carr, John Pearson, Tracey Bell and Cllr C Davies.

1. **Declarations of Interest**

   R Dunn, N Wirz, T Hunter, N Sellstrom, P McCann, L Davison, H Wake & K Connolly all declared non-pecuniary interests in all issues, as members of the Pension Fund.

   They remained in the meeting for the discussion and determination of all matters.

2. **Minutes of the meeting of 16 December 2025**

   Resolved: That the minutes of the meeting held on 16 December 2025 be confirmed as a true record.

3. **Items Brought Forward**

   Submitted: Report of the Head of Pensions

   The report set out matters brought forward from earlier periods which required action. The Board noted they were satisfied with the report.

   Agreed: That the report be noted.

4. Meeting Dates for 2026/27

Submitted: Report of the Head of Pensions

The report set out the proposed meeting dates for the Pensions Committee, Investment Panel and the Local Pension Board for the 2026/2027 municipal year.

Agreed: That the report be noted.

5. Training for the Local Pension Board

Submitted: Report of the Head of Pensions

Board members provided feedback on the training delivered in Edinburgh in March; it was felt the content was good and well-spaced out.

The Board were presented with the list of proposed topics for the September training session. In addition to those listed it was suggested that Cyber Security be covered at the September session and given the all-out Elections across the region a possible back to basics view on asset classes would be beneficial.

The Head of Pensions informed the Board that a very comprehensive induction programme has been produced.

It was noted that the training to be held in March 2027 was solely for members of the Tyne and Wear Fund and that the training in September 2026 could include Teesside representatives.

Agreed: That (a) the report be noted and (b) that Cyber Security be added to the training topics for September.

6. Local Pension Board – Quarterly Report to Pensions Committee

Submitted: Report of the Head of Pensions.

The report was presented to the Pensions Committee at its meeting held on 27 January 2026; it provided information on discussions, outcomes and proposals from the Board meeting held on 16 December 2025.

The Board was comfortable with the report and had no additional comments.

Agreed: That the report be noted.

7. LGPS and Industry Developments

Submitted: Report of the Head of Pensions.

The report provided an update on the latest industry developments and regulatory changes to the LGPS which included:

- LGPS: Fit for the Future – Draft Regulations and Guidance
- TPR: Data Guidance and PASA AI Guidance
- TPR: Administration Guidance
- MHCLG response to the LGPS (Access and Fairness) consultation.

Board members questioned under the MHCLG response to the LGPS (Access and Fairness) consultation what was meant by the government proceeding to make authorised unpaid leave automatically pensionable and change the threshold to 14 days. The Head of Pensions agreed to circulate the LGA guidance once it was updated which would clarify this.

Agreed: That (a) the updates be noted and (b) the Head of Pensions circulate the LGA guidance once it has been updated.

8. Risk Management and Internal Audit

Submitted: Report of the Head of Pensions

The report set out an update on the current Fund level Risk Register and an overview of the internal audit programme.

The most recent review of the Risk Register had been undertaken on 19 February 2026.

It was noted that S6 (key people leave and this places a strain on remaining resources to cover the role and responsibilities) had now been assessed as critical. This had been increased due to discussions at the Committee and Board around the loss of several senior managers in recent years and approaches made to others to persuade them to move jobs.

At a previous meeting Board members had questioned whether S9 (Insufficient resources create problems in service delivery) should be considered as a higher risk and asked if marginal was the correct level. Officers considered this but felt that the marginal risk was ample given the large recruitment process currently underway for the service to employ an additional twelve posts as well as the ten posts created previously.

There were two risks reviewed in more depth:

G1 - High Risk (Likelihood – Probable/Impact – Marginal) – There may be a lack of knowledge and understanding by the Committee and Local Pension Board. Given the all-out election it was felt that the turnover of Committee members and the Chair and Vice Chair could be significant. It was noted that there was a training policy in place and an in-depth training programme together with other training materials/toolkits. Induction sessions for new members would be provided as well as training for any potential new Chair or Vice Chair.

A3 - Moderate Risk (Likelihood – Possible / Impact Marginal) – The Fund does not have an appropriate strategic benchmark and an appropriate investment management structure. This was deemed important due to the resulting impact could cause both financial and reputational damage to the Fund. It could lead to possible reduced investment returns leading to potential higher employer contributions and greater volatility in the level of contributions. To mitigate this the benchmark is reviewed in depth at each triennial valuation. A review of the investment strategy has been undertaken.

It was agreed that in relation to the audit on death grants, the reminder letter to the surviving spouse should remain at the current timescale of 4 weeks to allow for sensitivity during this difficult time.

Agreed: That the report be noted.

9. Stewardship Quarterly Update Report

Submitted: Report of the Head of Pensions.

The Board considered the report which summarised actions undertaken during the last quarter in respect of the Fund's commitment to being a responsible investor and a good steward of capital.

Agreed: That the report be noted.

10. Chair's Urgent Items

There were no Chair's Urgent items.

Resolution to exclude the public:

Resolved: That the public be excluded from the meeting for the remainder of the agenda items as they involve exempt information as defined in Part 1 of Schedule 12a of the Local Government Act 1972.

Minute no.	Item	Exempt category nos.	“Public interest” test - reason for exempting
11-20	11-20	3	The reports contain information which if published could affect the business affairs of persons named in the report."

11. Cyber Security

Submitted: Report of the Head of Pensions

Aon provided an overview of cyber security and outlined the risks to the Pension Fund.

The Pensions Regulator had recently issued guidance on cyber security and the Board considered the key points.

The Pension Fund will use the Aon Cyber Scorecard as a starting point to assess the resilience of the Fund, to compare its position against other funds and understand what needs to be improved.

The officers were to ensure the Committee and Board were trained in Cyber security and noted the need to produce a Cyber Security Policy, Pension Fund Resilience Plan and Recovery Plan.

Agreed: That (a) the report be noted and (b) cyber security be subject to a future training session.

12. 2025 Valuation Update

Submitted: Report of the Head of Pensions

The report provided details on the current position of the 2025 Valuation. The next valuation will take place as at 31 March 2028.

Agreed: That the report be noted.

13. Pensions Processing

Submitted: Report of the Head of Pensions

The report provided an overview on pensions processing, including the current backlog position and the ongoing recovery plan. It was noted that a current recruitment process would help with the backlog position and the special task force staff were being deployed where needed.

Agreed: That the report be noted.

14. Pensions Administration – Monitoring of Performance

Submitted: Report of the Head of Pensions

The report set out a range of management information relating to pensions administration and performance for the third quarter of 2025/26.

Agreed: That the report be noted.

15. Breaches of the Law

Submitted: Report of the Head of Pensions

The report provided information relating to breaches of the law during the last quarter.

Agreed: That the report be noted.

16. Service Plan and Budget: Quarterly Monitoring

Submitted: Report of the Head of Pensions

The report provided an update on progress against key actions identified in the Service Plan.

Agreed: That the report be noted.

17. Scheme Employer Update

Submitted: Report of the Head of Pensions

The report provided an update on matters concerning individual employers within the Fund.

Agreed: That the report be noted.

18. Pensions Committee Minutes – 27 January 2026

The minutes of the Pensions Committee meeting held on 27 January 2026 were provided for information purposes. The Board had no specific questions or concerns.

Agreed: That the minutes be noted.

19. Pensions Committee Minutes – 11 March 2026

The minutes of the Pensions Committee meeting held on 11 March 2026 were submitted for information.

Agreed: That the minutes be noted.

20. Review of the Meeting and report to Pensions Committee (verbal)

The Chair thanked all for their attendance. The Chair, officers and Board members thanked Mick Brodie for all his hard work and wished him well with his future endeavours.

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