

NORTHUMBERLAND COUNTY COUNCIL

LGPS LOCAL PENSION BOARD

At a meeting of the **LGPS Local Pension Board** held at County Hall, Morpeth on Friday, 12 July 2019 at 9.00 a.m.

PRESENT

GF Moore
Independent Chair
(Non-voting member of the Board)

VOTING MEMBERS

Employer Representatives

Adams, Ms JH

Hutchinson, Cllr JI

Scheme Member Representatives

Clark, JP

Dick, Ms S

OFFICERS IN ATTENDANCE

C Gorman (CG)

Principal Accountant (Pensions) -
Project Officer

C Johnson (CJ)

Senior Accountant (Pensions)

A Lister (AL)

Board Secretary

A Scholes (AS)

Interim Executive Director of
Finance

D Taylor (DT)

Operations Team Manager (Tyne
and Wear Pension Fund) attending
in her capacity as provider of
shared pensions administration
service with NCC

N Turnbull (NT)

Democratic Services Officer

Definition of Terms

AA

Administering Authority

ABS

Annual Benefit Statement

AVC

Additional Voluntary Contributions

BCPP

Border to Coast Pensions

Ch.'s Initials.....

CARE	Partnership
CIPFA	Career Average Revalued Earnings
	The Chartered Institute of Public Finance and Accountancy
Common Data	Eg name, address and date of birth
GAD	Government Actuary's Department
GMP	Guaranteed Minimum Pension
IDRP	Internal Dispute Resolution Procedure
LGIM	Legal and General Investment Management
MHCLG	Ministry of Housing, Communities and Local Government
MiFID II	Markets in Financial Instruments Directive II
NCCPF	NCC in its Scheme Manager role
PSS	Pension Savings Statements
RI	Responsible Investment
SAB	Scheme Advisory Board
Scheme-Specific (Conditional) Data	Eg employment records and contribution history
STC Administration	Shared administration service for NCCPF and TWPF
ToR	Terms of Reference
tPR	The Pensions Regulator
TWPF	Tyne and Wear Pension Fund

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Watson (Observer, Chair of Pension Fund Panel).

2. CONSIDERATION (DECLARATION) OF CONFLICTS OF INTEREST

None were declared, although the Chair referred to a potential conflict which could arise should Board members' attendance at CIPFA events be discussed, due to his association with CIPFA, so he would not be involved in any related discussion.

3. MINUTES OF THE NCC LGPS LOCAL PENSION BOARD

A copy of the previously agreed minutes of the meeting of the LGPS Local Pension Board ("the Board"), held on Monday 25 March 2019, were circulated at the meeting and received for information.

4. ITEMS FOR IN DEPTH ANALYSIS

The Chair reminded Board members to retain all Pension Fund Panel meeting papers to consider at each Board meeting.

4A Recording breaches

- Recording breaches (Report A16 of 21 June 2019 Panel meeting papers and Appendix 17)

CG detailed one breach where pension contributions had not been paid by an employer following a change in status. The outstanding payments had since been paid by the employer following a reminder.

The Board **agreed** that the breach was recordable but not of material significance or reportable to tPR, and gained assurance that the AA had learned from similar circumstances previously and had followed up quickly to successfully chase the payment.

4B Data process details

- Report A16 of 21 June 2019 Panel meeting papers and “NCCPF process details” enclosure

The Board, following a referral from the NCC Pension Fund Panel, reviewed the key data processing information for LGPS administration for the year and quarter to 31 March 2019. This information was the equivalent of the key performance indicators (KPIs) which were provided to the Panel prior to implementation of the shared service, but much enhanced because it covered all administration processes, rather than just five of them. DT circulated an additional document which measured major processes against the Disclosure Regulations as at 27 June 2019. Explanations were provided for areas where there had been a breach of the legal timescales in the Regulations. Many failures to meet the timescales were due to the focus on 2019 valuation related work and improvements were expected in future quarters.

The Chair commented that, prior to the shared service, the Board had access to information in relation to things such as staffing capability and pressures, and questioned whether STC Administration was currently comfortable with its staffing level. DT responded that STC Administration was still in a transition period following the move to a shared service, and finding a balance. Online services were being implemented at TWPF in stages and it was important to allow those processes to bed in before analysing any staffing pressures and requirements.

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The Chair queried whether there was an agreed protocol around reporting breaches, and whether breaches would be reported to tPR by NCCPF or STC Administration. CG responded that this was covered in NCCPF's Breaches Recording Policy, which had been amended following the implementation of the shared service.

The Board discussed the data provided and raised concerns about whether it was sufficient to enable the Board to identify reportable breaches. In particular, the Board would need detail around how many of the failures are more than (say) three months old, in future reports.

It was **agreed** that the tabled report and additional data on outstanding processes with suitable age analysis be received on a quarterly basis.

4C Data Improvement Plan

- Report A16 of 21 June 2019 Panel meeting papers and "NCCPF Data Improvement Plan" enclosure

The Board received the latest version of the NCCPF 2018 Data Improvement Plan (DIP).

DT explained that recent work had been prioritised in accordance with its relevance to the 31 March 2019 actuarial valuation data submission to the actuary. Items coloured green were complete, amber was work in progress and uncoloured had not yet been started. The Plan was a working document, updated on a regular basis and would likely have changed since circulation to the Board at this meeting.

The Chair complimented officers on achieving a Common Data score of 99.69% and a Scheme Specific Data score of 84.23%, which in his experience were both high scores. CG commented that, as yet there was no consistency regarding the Scheme Specific data scoring, and therefore making direct comparisons with other funds at this stage should be done with caution. The issue of consistency regarding Scheme Specific data was to be further considered by the SAB in the future.

The Chair referred to the LGPS SAB 2019 Annual Survey, which was expected to be released imminently, and encouraged all Board members to participate in the process. Although there was one survey response expected per fund, individual Board members could submit their own responses if their views differed from the main response on behalf of NCCPF.

The Board **accepted** the report.

5. Final version of 2018/19 Annual Report of NCC's LGPS Local Pension Board

The Board **received** the final version of the 2018/19 Annual Report of the NCC LGPS Local Pension Board, which had been included in the draft NCCPF Annual Report and Accounts 2018/19. The draft Board Annual Report had been considered at the meeting in March.

6. Meeting of BCPP Board Chairs held on 22 May 2019

The Chair provided feedback from the meeting of BCPP Board Chairs which had been held on 22 May 2019. The key issue which had emerged at the meeting was around access to BCPP Joint Committee papers by Board Members and potential confidentiality issues. CG confirmed that Board members were required to treat relevant parts of the Pension Fund Panel papers as confidential, and there was therefore no requirement for additional confidentiality agreements for Board members to have sight of the BCPP Joint Committee papers.

The next meeting of the BCPP Board Chairs was due to take place at the BCPP Ltd Annual Conference in Leeds in October 2019.

7. NCCPF's 2019 Annual Benefits Statements (ABS) and Pension Savings Statements (PSS), timetable for issuing both, progress and communications

The Chair gave a brief background to the process of issuing ABSs and PSSs, and reaffirmed that the Board's main aim was to gain assurance that statutory deadlines in relation to issuing both would be met.

A copy of the template ABS documents for deferred members was included within the papers. The Chair was pleased to note that suggested amendments from the Board (made last year) had been included.

DT confirmed that calculations had already been run for the issuing of 2019 ABSs. Statements would also be sent electronically this year, the first year such a provision was available. Information was being released in stages to help manage call volumes to the Pensions Helpline and avoid a repeat of the overloads experienced earlier in the year. DT confirmed that everything was ahead of schedule and all of the statements scheduled to be issued before the 31 August 2019 statutory deadline.

It was noted that there was a group of members who had neither registered for online statements or requested hard copy statements.

Members discussed login difficulties with the TWPF 'mypension' online portal and enquired about the system upgrade that had been discussed previously.

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DT reported that a new Communications Manager (Steve Makin) had recently been appointed by TWPF and one of his priorities would be website improvements. An update on the potential website upgrade was requested for the next meeting.

8. Internal Dispute Resolution Procedure (IDRP), relevant Regulations, NCCPF's process, and recent Stage 1 and Stage 2 determinations

The Board received an extract from the LGPS Regulations which set out the requirements for the dispute resolution procedure which funds and employers must operate; NCCPF's IDR process leaflet; a summary of the IDR process at NCCPF with the relevant extract from NCCPF's Administering Authority Discretions Policy; and a summary of NCCPF's Stage One appeals in 2017/18 and 2018/19, and NCCPF's Stage Two appeals since January 2018.

In answer to questions, CG confirmed that:

- IDR Stage One appeals were charged for on a case by case basis with costs being borne by the relevant employer or by the Fund.
- West Yorkshire Pension Fund, as Stage One IDR adjudicator, would not be aware of the final result of a case they had recommended be reconsidered by the employer.
- Individual employers were required to have their own IDR process, and could adopt the process followed by NCC or create their own.

The Chair agreed to review the NCCPF process and compare it to the Code of Practice and circulate his comments to officers and Board members following the meeting.

The Board **gained assurance** from the information received on NCCPF's IDR processes.

A short break was taken at 10.45 a.m. before the meeting reconvened at 10.55 a.m.

9. The Pensions Regulator's (tPR's) presentation at the PLSA LGPS Annual Conference in May 2019 with the Chair's commentary (enclosed), and tPR's presentation at the CIPFA and Barnett Waddingham LGPS Local Pension Board Annual Event in June 2019

The Chair circulated a copy of the notes taken following his attendance at a presentation given by Fiona Frobisher, of the Pensions Regulator, at the PLSA Annual Conference on 15 May 2019.

The report from tPR's visits to ten LGPS funds in 2018 was expected before the end of August 2019. The cohort for 2019 was to be selected on a different

basis, with investigations likely to take the form of a questionnaire, rather than site visits to funds. It was noted that tPR had expressed an interest in attending a LGPS Board meeting.

Members were recommended to review the slides from the conference enclosed with the agenda in addition to the slides circulated by the Chair (by email on 28 June) from the CIPFA and Barnett Waddingham LGPS Local Pension Board Annual Event in June 2019.

10. Summary of outcomes for NCCPF from the 2019 National Fraud Initiative (NFI) data comparison

DT provided a brief summary of the outcomes, for NCCPF, of the recent National Fraud Initiative (NFI) exercise which had identified three cases where a pension remained in payment to a deceased member of the Scheme. Investigatory work was ongoing as was the process of recovering any overpayments.

Following a query on write offs, DT responded that in a small number of cases debt would be written off, following an assessment on the size of the debt, the work involved and the likelihood of repayment. CG confirmed that the write offs were met by the Fund.

11. Review of the governance process followed, to date, by NCCPF in considering further joint working with Tyne and Wear Pension Fund

- Report B3 of 21 June 2019 Panel meeting papers and Appendices 6, 7, 8, 9 and 10 and relevant enclosures

CG gave a summary of the governance process that had been followed to date by NCCPF in considering the potential of further joint working with TWPF.

The Chair sought and received assurances from the Interim Executive Director of Finance regarding the continued employment of NCC staff currently working on the project through to the potential completion date.

The Board **gained assurance** that the governance processes followed to date by NCCPF had been robust.

12. Proposed communications with NCCPF's members about further joint working with Tyne and Wear Pension Fund

CG confirmed the intention that Board member input would be obtained prior to the issue of any mass communications with NCCPF Scheme members about further joint working with TWPF.

It was likely that, due to the cost of postage, TWPF members would not

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receive a direct mailing regarding this matter, although information would be made available via the TWPF website, and emails to employers and members to ensure as much membership awareness as possible.

It was noted that Ian Bainbridge, Head of Pensions at TWPF, would be in attendance at the scheduled NCCPF Employer Meeting on 4 November 2019. Also present at the event would be Jonathan Teasdale from Aon, the Fund's actuary.

13. Pensions Administration telephone Helpline and mypension Supportline statistics

The Board received information regarding the volume of calls to the STC Administration Pensions Helpline and the percentage of those calls answered first time, for the period January to June 2019. DT reported that the voicemail facility had been removed from the 16 April 2019.

In answer to a question, she confirmed that STC Administration's target was to respond to written correspondence, including emails and queries received through the portal, within 10 working days.

14. NCCPF's risk register

AL provided a summary of the updated NCCPF Risk Register, which had been revised in accordance with the new NCC corporate format. The likelihood and probability of a risk was assessed against a number of impacts and graded according to the matrix. 22 risks had been identified and categorised as red (1) amber (5) and green (16) depending on their severity.

CG commented that a number of processes now implemented by the shared service, such as the NFI exercise and monthly reconciliation of pensions in payment to the member records, provided greater controls and reduced the risk of fraud or overpayments.

The Chair thanked officers for the work involved in updating the risk register and invited Board members to keep the register under review and provide feedback. The Board **gained assurance** from the seniority of risk owners within the organisation. A review of risks was included as a standing item on every Board agenda.

15. Review of NCCPF's AVC provision against the criteria set out in tPR's Code 13 and Code 14

- Report B7 of 21 June 2019 Panel meeting papers and Appendix 16

Extracts of Code of Practice 13: 'Governance and administration of occupational trust based schemes providing money purchase benefits' and

Code of Practice 14: 'Governance and Administration of public service pension schemes' were provided.

CG explained that the independent review of NCCPF's AVC provision had been undertaken by Hymans Robertson at the end of 2018. A number of changes had been recommended including removal of some investment options, which would no longer be available for new contributors, and additional options which had been agreed by the Pension Fund Panel to provide a suitable range of options for members of the Scheme. There was also some commonality between the AVC provisions offered by NCCPF and TWPF.

The Board **gained assurance** that the AVC provision offered members of the Fund reasonable choice and represented good value for money.

16. Review of NCCPF's 2018/19 Annual Report and Accounts against Regulation 57

- 21 June 2019 Panel meeting papers "NCCPF Annual Report" enclosure

An extract of LGPS Regulation 57 was included with the agenda papers and an Annual Report checklist had previously been circulated to members by AL by email on 23 May 2019, prior to the publication of the NCCPF draft Annual Report and Accounts 2018/19.

AL confirmed that the annual report had complied with all areas where this was possible, with an explanation provided for any areas where compliance was not possible. NCC's Audit Committee was scheduled to consider the accounts on 24 July 2019 in advance of the 31 July deadline. The audit of the Fund accounts was substantially complete with only a small number of changes deemed necessary.

The Chair noted that this was the first year that Boards had been required to review the Fund's draft Annual Report and Accounts and that, given the relatively short notice and timing of the release of the guidance, everything had been done that was possible in the time available.

STANDING AGENDA ITEMS

The following items were included on agendas as standing items in order that issues could be discussed, if required.

17. New risks and changes to existing risks

Reference was made to the discussion held earlier in the meeting under Item 14.

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18. Future meeting dates

Members received an updated list of dates for meetings of the NCC LGPS Local Pension Board in 2019/20.

19. Any other business

Valuation Data Focus

Following a query, DT was pleased to report that the 2019 valuation data for NCCPF had been submitted to the actuary on 11 July 2019, in advance of the actuary's deadline. It was anticipated that queries would be received back from the actuary in relation to the data submitted before the end of July 2019.

The Board **gained assurance** that valuation information had been submitted to the actuary in a timely manner.

(The meeting ended at 12.10 p.m.)

CHAIR GF Moore

DATE 23 August 2019

NORTHUMBERLAND COUNTY COUNCIL

LGPS LOCAL PENSION BOARD

At a meeting of the **LGPS Local Pension Board** held at County Hall, Morpeth on Friday, 18 October 2019 at 9.30 a.m.

PRESENT

GF Moore
Independent Chair
(Non-voting member of the Board)

VOTING MEMBERS

Employer Representatives

Adams, Ms JH

Hutchinson, Cllr JI

Scheme Member Representatives

Clark, JP (JC)

Dick, S (SD)

OFFICERS IN ATTENDANCE

H Chambers (HC)

Principal Pensions Manager (Tyne and Wear Pension Fund) attending in her capacity as head of the shared pensions administration service with NCC

C Gorman (CG)

Principal Accountant (Pensions) - Project Officer

C Johnson (CJ)

Senior Accountant (Pensions)

A Lister (AL)

Board Secretary

N Turnbull (NT)

Democratic Services Officer

Definition of Terms

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Annual Benefit Statements
Additional Voluntary Contributions
Border to Coast Pensions Partnership

Ch.'s Initials.....

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1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Watson (as observer, Chair of Pension Fund Panel).

2. CONSIDERATION (DECLARATION) OF CONFLICTS OF INTEREST

None were declared, although the Chair referred to a potential conflict which could arise should Board members' attendance at CIPFA events be discussed, due to his association with CIPFA. The Board agreed that this would not represent a conflict of interests, as the Board Secretary approved attendance at training events.

3. MINUTES OF THE NCC LGPS LOCAL PENSION BOARD

A copy of the previously agreed minutes of the meeting of the LGPS Local Pension Board ("the Board"), held on Monday 12 July 2019, was circulated at the meeting and received for information.

4. ITEMS FOR IN DEPTH ANALYSIS

The Chair reminded Board members to retain Pension Fund Panel meeting papers to consider at each subsequent Board meeting.

4A Recording breaches and data

- Report A7 of 20 September 2019 Panel meeting papers and Appendix 6 and "NCCPF process details" enclosure

5. NCCPF's administration process performance and trends in 2019

Items 4A and 5 were considered together.

HC circulated supplementary information at the meeting which reported on the position of major processes as at 15 October 2019, that were measured against the requirements of the Disclosure Regulations. She acknowledged that the performance for the quarter April - June had lagged in some areas, as expected, due to the focus on the triennial valuation related work and the priority given to deaths and payment of benefits. An improvement in performance was expected in the next quarter.

Some concern was expressed by Board members regarding the delay in payment of refunds to scheme members and whether the same cases were still outstanding from the previous quarterly review. HC explained that STC Administration needed to review and amend the recording system as currently the time period started when the member was notified of eligibility for a refund when he/she left employment. However, the Disclosure Regulations stated that the period should only commence when the member had requested a refund. She confirmed that if a refund was requested by a member, the process was escalated and given priority.

In response to a question, she confirmed that no complaints had been received with regard to delays processing refunds. This area of work would be the focus of a new officer who would be starting employment with the Pensions Team in the next few weeks.

Reference was made to the Pensions Processing presentation which had been given to STC's Pensions Committee and LGPS Local Pension Board and had been circulated to Northumberland's Board Members with the agenda papers. HC confirmed that STC Administration was part of the Metropolitan

Benchmarking Club, which aimed to set core standards to determine what a 'good' Fund looked like.

Board Members discussed STC Administration processes in some detail when the following information was given in response to questions:

- Implementation of the shared administration service had prompted a review of the STC Administration procedures as a number of anomalies had been identified. In the earlier versions of the software it had only been able to monitor performance against a single date, whereas now it was possible to use several dates.
- At the present time, there were no poorly performing employers to note.
- The percentage of ABS issued by the 31 August deadline was extremely high and comparison was made with some Funds who had found it necessary to report themselves to tPR (see Item 9).
- NCC's Payroll Team was now taking full responsibility for the provision of employer payroll data and had a full understanding of its responsibilities.
- Employer performance was monitored on a regular basis. Each NCCPF employer had a client manager and there was a process of escalation if issues recurred regularly. Problems with employers would be reported to tTR, if of material significance. Occasionally, TWPF employers had been referred to the TWPF Board where information was persistently provided late to STC Administration.
- The electronic submission of information had been of assistance to improve performance as data was validated at source by preventing input with data omissions, and application of consistency checks.
- Individual web forms were available for processes such as notification of leavers.
- The feasibility and cost of monthly contribution posting was being considered.
- Northumberland as AA could also be asked to intervene if STC Administration experienced problems with a NCCPF employer.
- Regard was had to the size of an employer when monitoring outstanding queries.

The Board **agreed** that the breach in Appendix 6 was not of material significance and not reportable. The Board requested notification by email if there were any areas of concern regarding employer performance prior to the next meeting of the Board.

4B Action Plan 2019

- Report B7 of 20 September 2019 Panel meeting papers

CG outlined the Action Plan 2019 which had been approved under delegation by the Chair and Vice-Chair of the Pension Fund Panel following the meeting on 20 September 2019. The content of the Plan could not be finalised sooner

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due to uncertainty regarding merger of the Northumberland and Tyne and Wear Pension Funds.

It was noted that the NCCPF investment strategy was to be kept under regular review during the merger implementation period. The changes to the target benchmark allocations for NCCPF's publicly quoted regional equities had now been implemented following the decision made at the July 2019 Panel meeting.

AL reported that SAB had released guidance regarding the setting of strategic objectives for providers of investment consultancy services by the deadline of 10 December 2019. A report would be submitted to the next meeting of the Panel on 6 December 2019.

A response was awaited from MHCLG to the joint letter sent by the Leaders of NCC and STC requesting MHCLG's assistance with merger. The Board considered the impact of a delay on the target implementation date of 1 April 2020, which would result in retrospective legislation from MHCLG.

The decision to merge NCCPF and TWPF was to be considered by STC's Full Council the following week.

The Board **noted** the Action Plan 2019.

4C NCCPF Risk Register

- Report B8 of 20 September 2019 Panel meeting papers and "NCCPF Risk Register" enclosure

Additional information was circulated at the meeting specifically with regard to potential risks around the proposed merger with TWPF.

CG outlined the impact of the risks, the controls that were in place including the timetable, strategies, communication and actions plans which would be overseen by the Panel and Board.

The Chair commented that he was due to meet with NCC's Section 151 Officer for an annual review and would raise a number of questions for clarification, which he would check against some of the risks identified in the Risk Register.

The Board discussed the requirement for revised arrangements for NCC's assessment of covenant risk of academies at inception, and whether these assessments would be received by the STC Pensions Committee, post-merger. HC confirmed that STC's in-house legal team assisted with newly forming academies as they began participation in TWPF.

Members were requested to review the draft Risk Register and contact officers

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with any comments or suggestions. The Register would be brought to the next meeting of the Panel for approval.

A short break was taken at 11.10 a.m. before the meeting reconvened at 11.20 a.m.

6. Meeting of BCPP Board Chairs held on 10/11 October 2019

The Chair provided a brief summary of the meeting of the BCPP Board Chairs, which had been integrated into the BCCP annual conference timetable as an additional session.

Board member representative attendance at BCPP Joint Committee meetings had been reviewed and it was noted that the nominated substitute was also now permitted to observe the meetings.

Different practices had been adopted across the twelve Partner Funds with regard to the sharing of Joint Committee papers, with access to the papers varying largely between different funds.

CG reported that Councillor Watson, Chair of the Pension Fund Panel, had been nominated to serve as a Non-Executive Director on the BCPP Ltd Board, subject to FCA and shareholder approval. Alternative provision had been made at the September 2019 meeting of the Panel in the event of his appointment, as Councillor Watson would no longer be able to represent NCCPF on the BCPP Joint Committee. A dispensation would be sought from the NCC Standards Committee for him to continue to be fully involved in all of the business of the Pension Fund Panel.

7. Debt write offs within NCCPF

The Board received information about the policy for debt write offs and level of authorisation required at NCC, following a request from the Interim Executive Director of Finance at the last meeting of the Board.

The Board **noted** the information.

8. STC Administration's staffing levels and structure

The Board received information about the current TWPF staffing structure. In response to questions, HC confirmed that:

- There was a specialist pensions legal team at STC although this was not included on the structure provided as it sits within the STC Legal Services department.

- STC employees worked on a career grade with regular opportunities for promotion.
- There were currently no officers studying for a qualification due to the difficulty in identifying an appropriate and relevant pensions administration qualification.
- A succession plan had been drawn up to reduce 'key man' risk and silo working. The biggest risk with regard to specific roles was the Technical Support Manager, however colleagues had been trained to deputise in her absence.
- Northumberland pensions administration staff had been fully integrated within the team following the transition to a shared service, with one member of staff already successful in securing a promotion.
- TWPF was comfortable with the current level of staffing and there was adequate resource to fulfil the requirements of the function. Investment had been made in technology to increase automation and a staffing review was likely to take place in the future once the new processes had bedded in fully.

The Board **gained assurance** on the appropriateness of staffing levels at TWPF.

9. NCCPF's 2019 Annual Benefits Statements and Pension Savings Statements, summary of statements issued

The Board received a summary of the position with regard to ABS issued by the deadline of 31 August. 100% had been issued to deferred members and 99.29% for active members. Information was incomplete for the remaining 62 members but would continue to be chased and statements issued as soon as possible.

The Board discussed the plan with regard to the 65% of active members who had not requested a paper copy of their statement nor had registered with 'mypensions' to enable them to receive it electronically. It was confirmed that the Fund's legal responsibility to notify members of the change to electronic statements had been discharged, as three warning letters had been sent to each member before implementation.

Information would be available for the next meeting to analyse the age profile of members who had accessed their statements in order that STC Administration could better target those who had not registered.

The Board discussed ways of raising awareness among active members and encouraging take up of the online service

HC explained the process and analysis of information for individuals who appeared to be close to breaching their pensions savings annual allowance. She confirmed that Pension Saving Statements had been issued to the

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relevant members on 30 September 2019 prior to the statutory deadline of 6 October.

10. Summary of plans for STC Administration's "mypensions" online service website upgrade

HC confirmed that work was progressing on the 'mypensions' online service upgrade, with the improved service expected to go live in January 2020.

JC commented that he was still having problems logging on to the current version, although he was eventually able to log on after multiple attempts. His log on details had been tested by the officers at South Tyneside and they had worked when used within the STC network.

HC stated that they were currently in the testing phase of the upgrade and invited JC to be involved. SD commented that she was able to log on but did not find the current version user friendly and was also happy to be involved in testing.

11. TPR's LGPS cohort review publication "Governance and administration risks in public service pension schemes: an engagement report" and Hymans Robertson's summary

The Board received a copy of an engagement report from tPR. It was noted that there were a number of recommendations contained within the review. The Chair requested that a comparison against the recommendations be carried out for the next Board meeting to assess NCCPF's compliance. The process would also be of benefit to the CoP14 compliance checklist work to be undertaken for the Panel meeting in February 2020.

HC confirmed that TWPF would also be undertaking a review and creating an action plan and would liaise with officers with regard to issues in relation to the shared administration service.

It was understood that tPR's next LGPS cohort review would involve a different process which would require completion of a questionnaire followed by telephone calls for any issues that required clarification.

12. TPR's public service governance and administration survey 2018 results publication

The Chair suggested that he and the officers undertake a review outside of the meeting to assess NCCPF's compliance against the six identified measures.

CG commented that she had briefly analysed TPR's conclusions and viewed the Fund as compliant in the areas highlighted. She suggested, however, that further work and training should be undertaken with regard to cyber security

and reference was made to the proposal for a training session with IT officers from STC.

13. Aon's spotlight on governance

The Board received a report from Aon which considered the key findings of the recent Good Governance Review carried out by the SAB.

14. TPR's publication "cyber security principles for pension schemes"

HC delivered a short training session outlining the steps that are undertaken at STC to ensure security of members' data. These included:

- Compliance with public service network requirements as a government organisation.
- Cyber Essentials accreditation.
- Participation in meetings of the Cyber Boards.
- Cyber security training sessions.
- Review of STC's business continuity plan.
- Regular client meetings with IT officers. It was intended that an IT officer would attend a future meeting of the Board.

In response to questions regarding cyber security and the roles of the ICO and tPR, it was confirmed that:

- If a data breach of member information occurred it would be reported by STC to the Information Commissioner's Office (ICO). There were strict timelines for breaches to be reported and they also followed an escalation plan. Issues would be communicated to relevant parties as quickly as possible.
- TWPF follows STC's policies on data breaches and there were guidance notes for pensions officers. Staff received regular reminders about data security.
- Robust penetration testing of the pensions database was undertaken on a regular basis including the release of new software modules. An annual penetration test was also carried out to ensure compliance with the Public Service Network requirements.
- For example, a breach of pensioner's bank details would be deemed to be of material significance and would also be reported to tPR within a reasonable timescale.
- The issues experienced by the NHS in the previous year arose due to non implementation of software upgrades. PSN compliance required adoption of any available software upgrades.
- The Fund would be liable for any losses incurred as a result of data breaches.

15. TPR's and FCA's information for members on scams

The Board received a copy of a leaflet from the Financial Conduct Authority which highlighted how pensions scams occurred, how to avoid them, and what to do if a scam was suspected.

The Board discussed the recent decision of the Pensions Ombudsman with regard to a case in Hampshire Council. HC commented that the findings of the case had been reviewed by TWPF's Legal Team, which determined that TWPF's processes were sufficiently robust to prevent a similar occurrence at STC Administration.

The Board **gained assurance** from STC's review of the recent Ombudsman decision.

16. Board's review of 31 March 2019 actuarial valuation process

The Chair stated that, on a personal level, he had found the Aon training session in Edinburgh on the initial results of the 2019 actuarial valuation to be very useful, and agreed to share the presentation with Councillor Hutchinson and Helene Adams, who had both been unable to attend. He had also written a presentation on the role of Local Pension Boards in the valuation process as part of his role as Board Chair at other funds, and agreed to share this with the Board at its next meeting.

The Board had **gained a number of assurances** at the Aon training session in Edinburgh regarding;

- the process followed by NCCPF in carrying out the 2019 valuation;
- the prudent approach adopted by the decision makers; and
- Aon's initial assessment of NCCPF's data quality.

STANDING AGENDA ITEMS

The following items were included on agendas as standing items in order that issues could be discussed, if required.

17. New risks and changes to existing risks

Reference was made to the discussion held earlier in the meeting under Item 4C regarding the proposed merger with TWPF.

The Chair referred to the impending appointment of NCC's new Section 151 Officer, and requested that officers identify any training requirements of the new postholder, once in post, to allow the Fund to continue being MiFID II compliant.

18. Future meeting dates

Members received an updated list of dates for meetings of the Local Pension Board in 2019/20.

19. Any other business

There was no other business.

(The meeting ended at 12.50 p.m.)

CHAIR GF Moore

DATE 25 November 2019

NORTHUMBERLAND COUNTY COUNCIL

LGPS LOCAL PENSION BOARD

At a meeting of the **LGPS Local Pension Board** held at County Hall, Morpeth on Friday, 13 December 2019 at 9.30 a.m.

PRESENT

GF Moore
Independent Chair
(Non-voting member of the Board)

VOTING MEMBERS

Employer Representatives

Hutchinson, Cllr JI

Scheme Member Representatives

Clark, JP

Dick, S

OFFICERS IN ATTENDANCE

H Chambers (HC)

Principal Pensions Manager (Tyne and Wear Pension Fund) attending in her capacity as head of the shared pensions administration service with NCC

C Gorman (CG)

Principal Accountant (Pensions) - Project Officer

C Johnson (CJ)

Senior Accountant (Pensions)

A Lister (AL)

Board Secretary

N Turnbull (NT)

Democratic Services Officer

Definition of Terms

AA
ABS
AVC
BCPP

Administering Authority
Annual Benefit Statement
Additional Voluntary Contribution
Border to Coast Pensions Partnership

Ch.'s Initials.....

CARE	Career Average Revalued Earnings
CIPFA	The Chartered Institute of Public Finance and Accountancy
Common Data	E.g. name, address, date of birth
CoP14	tPR's Code of Practice 14
GAD	Government Actuary's Department
GMP	Guaranteed Minimum Pension
IDRP	Internal Dispute Resolution Procedure
LGIM	Legal and General Investment Management
LGPS	Local Government Pension Scheme
MHCLG	Ministry of Housing, Communities and Local Government
MiFID II	Markets in Financial Instruments Directive II
NCCPF	NCC in its Scheme Manager role
PSS	Pension Savings Statements
RI	Responsible Investment
SAB	LGPS Advisory Board
Scheme-Specific (Conditional) Data	E.g. employment records and contribution history
STC Administration	Shared administration service for NCCPF and TWPF
ToR	Terms of Reference
tPR	The Pensions Regulator
TWPF	Tyne and Wear Pension Fund

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from H Adams (Employer Representative).

2. CONSIDERATION (DECLARATION) OF CONFLICTS OF INTEREST

None were declared, although the Chair referred to a potential conflict which could arise should Board members' attendance at CIPFA events be discussed, due to his association with CIPFA. The Board agreed that this would not represent a conflict of interests, as the Board Secretary approved attendance at training events.

Ch.'s Initials.....

LGPS Local Pension Board, 13 December 2019

3. MINUTES OF THE NCC LGPS LOCAL PENSION BOARD

A copy of the previously agreed minutes of the meeting of the LGPS Local Pension Board (“the Board”), held on Friday 18 October 2019, were circulated at the meeting and received for information.

4. TPR’S COHORT REVIEW: HOW DOES NCCPF COMPARE WITH TPR’S RECOMMENDATIONS

The Board reviewed NCCPF’s response to each of the 46 recommendations made by tPR as part of its 2019/20 Cohort Review of the LGPS, in which it engaged with ten LGPS funds to understand scheme managers’ approaches to a number of key risks.

The Board carefully reviewed tPR’s recommendations and NCCPF’s responses, and whilst it was agreed that NCCPF complied with all of the recommendations, a number of additions to NCCPF’s responses were requested, including the addition of a column for further actions, where necessary. The Chair thanked officers for the time spent preparing the report.

HC confirmed that TWPF would be undertaking a similar exercise, and it was **agreed** that it would be useful if the analysis and feedback from both NCCPF and TWPF Boards were shared with each other. The updated report with changes highlighted and TWPF feedback would be brought to the next meeting of the Board in March 2020.

5. HYMANS ROBERTSON’S 60 SECOND SUMMARY: WHAT CONSTITUTES A BREACH?

The Board was provided with the recent Hymans Robertson’s (HR) “60 Second Summary” release which focused on breaches of the law.

CG commented on the usefulness of HR’s summary in describing what constitutes a breach, when a breach should be reported, examples of materially significant breaches, who is responsible for reporting breaches and best practice around breaches monitoring.

Board members reviewed how breaches had been reported both pre and post implementation of the shared service with STC Administration. Whilst the information provided currently by STC Administration did not give the equivalent detail to that received in the past (due to the time required to prepare such information), the STC Administration information enabled analysis of trends and further detail would be provided on a selective basis, as required.

6. Breaches and processes proposed for delegation to the Board in the 6 December 2019 Panel papers

It was noted that the Pension Fund Panel meeting scheduled on 6 December 2019 was inquorate and did not proceed. Nevertheless, the Board undertook a review of the items within the 6 December Panel papers that had been expected to be referred by the Panel to the Board.

6A STC Administration's process details and snapshot of breaches

6B Breach relating to 2019 ABS for 62 members

- also Appendix 9 to Report A11 of 6 December 2019 Panel meeting papers

HC updated the Board with progress made on the 62 ABSs that had not been issued to members by the statutory 31 August 2019 deadline.

Over half of the affected members had left employment and would therefore not receive an ABS, whilst a number had either received an ABS or would shortly be in receipt of an ABS. There were currently 14 members with outstanding ABS queries. Board members expressed concern regarding the 4 members whose queries were yet to be raised with the employer. HC commented that the update had been provided on 4 December 2019 and that there would have been progress made in the intervening period. She agreed to investigate and feedback on the queries by email after the meeting.

7. NCCPF's administration process performance and trends in 2019: for further consideration

HC presented a report to Board members which considered NCCPF's pensions processing and trends in 2019, including:

- The benefits structure and framework for the administration of the LGPS;
- Measurement of performance;
- Internal control measures;
- Disclosure Regulations targets and areas where there were shorter timescales due to limitations in the software system used;
- TWPF Disclosure processing trend and volumes;
- NCCPF Disclosure processing trends and volume since October 2018;
- NCCPF process monitoring;
- Analysis of the backlog and steps taken to reduce it including formation of a specialist team to address this and purchase of an additional module in the software system to streamline the process;
- A review of the processing performance was being undertaken; and
- New CIPFA performance indicators were being developed.

In answer to questions from Board members, she confirmed that:

- The active processes related to member interactions and did not include contribution income;
- Processes were split between key life events which were prioritised, and other areas;
- The backlogs were consistently reducing and now at a manageable level;
- The average number of cases for each activity was to be included in the future version of reports;
- The new CIPFA performance indicators were in the process of being embedded into the system and would be monitored from 1 April 2020; and
- TWPF worked closely with employers through its designated Client Managers and regularly monitored employer performance and outstanding issues.

The Board expressed concern regarding queries with employers which had been outstanding for longer than six months, and whether the length of time could now make the issue a reportable breach. Reference was also made to processes failing Disclosure timeframes and whether any of the cases identified as in breach on the 27 June 2019 snapshot were also included within those in breach on the 15 October 2019 and 26 November 2019 snapshots.

It was noted that the percentage of process failures recorded had risen despite there being a lower volume of transactions in the period.

The Chair repeated previous offers for the Board to become involved in any escalation processes, if required.

HC confirmed that outstanding queries were monitored and escalated in line with STC Administration's policies.

The Board was given **assurances** that the current outstanding issues would be resolved by the next meeting in March 2020, and it was **agreed** that age profiling of the snapshot breaches information would be provided at the next Board meeting to enable Board members to identify any long standing issues.

A short break was taken at 11.40 a.m. before the meeting reconvened at 11.50 a.m.

8. Chair's annual meeting with NCC's S151 Officer:

The Chair provided feedback to the Board on his recent annual meeting with NCC's Section 151 Officer, which had taken place as a telephone call on this occasion. He briefly outlined assurances he had gained:

- that the NCC Pensions Team would be appropriately resourced through the proposed merger process and until the 2019/20 annual accounts

Ch.'s Initials.....

LGPS Local Pension Board, 13 December 2019

- process was complete; and
- around the presence of the internal audit function on NCC's Risk Management Group.

9. Implications for LGPS employers of the anticipated McCloud remedy

- also Appendix 2 to Report B2 of 6 December 2019 Panel meeting papers

The Board considered an update provided by the SAB on the potential implications, for LGPS employers, of the anticipated remedy within the LGPS following the McCloud Judgement.

CG reported that whilst it was unlikely that the matter would be resolved for some months (or years) yet, employers had been made aware of the fact that additional member data, not currently required by the 2014 CARE Scheme, would likely be needed, going back to 1 April 2014.

The Board discussed the administrative burden this would place on employers to recreate and hold personal data which may be needed for the McCloud remedy, though Regulations to implement the remedy had not yet been drafted, and the difficulty for employers holding data without a legal basis to do so (as required by GDPR).

Once identified, the remedy would be labour intensive to administer, requiring historical data to be gathered from employers and (potentially) all individual member records to be checked, as well as recalculations of all pensions into payment since 1 April 2014. However, it was anticipated that a very small number of LGPS members would receive additional pension as a result of the McCloud remedy.

HC stated that the McCloud issue would be raised at STC Administration's Annual Employer Meeting on 4 February 2020. As many employers would not attend this event, further emails would be sent to all to remind them of the need to retain certain member data back to 1 April 2014.

10. TPR's 2019 Scheme Annual Survey

CG reminded Board members that completion of tPR's Public Service Governance and Administration Survey 2019 was voluntary, and confirmed that the Survey for NCCPF had been submitted prior to the agreed extended deadline.

The response had been compiled after a detailed discussion with the Board Chair and approved by the Chair and Vice-Chair of the Pension Fund Panel.

Clarification regarding a number of questions had been provided in Section K7

of the Survey. Completion of this Section in the past had been beneficial as it was believed to have contributed to survey amendments in subsequent years.

11. TPR's 2019 Scheme Annual Return

CJ confirmed that NCCPF's 2019 Scheme Annual Return had been completed and submitted to tPR on 7 November 2019, two weeks prior to the deadline. Completion of the Return was mandatory and non-completion could result in a fine for the Fund.

He provided a brief overview of the contents of the Return, including individual Board member details. Employer details had also been updated and verified by a colleague before submission. Information had been updated throughout the year when there had been a change of membership, to streamline the annual Return exercise.

The Board gained **assurance** that the 2019 tPR Scheme Annual Return had been completed before the statutory deadline.

12. Board's review of the 31 March 2019 actuarial valuation process

12A Board Chair's checklist of areas for Board focus

The Chair circulated a checklist of suggested roles and areas of involvement for the Board when evaluating the triennial valuation process, to gain assurances regarding data quality, and the actions undertaken by the administering authority, and the level of prudence built into the 2019 valuation.

CG confirmed that the decisions regarding prudence had been made at the training session with the Actuary in September (and ratified at the September 2019 Panel meeting), and the final steps in the process would be taken at the February 2020 meeting of the Panel.

12B Processes for the 2019 valuation undertaken to date and planned before finalisation of the 2019 valuation

- Reports B1, B2 and B3 and Appendices 1, 2 and 3, see Report A2 and Appendix 2 of 6 December 2019 Panel meeting papers

The Board received an update on the processes undertaken to date and yet to be carried out to complete the 2019 valuation.

13. TPR's publication "cyber security principles for pension schemes"

The Board received a copy of tPR's 'Cyber security principles for pension schemes'. It was noted that cyber security was an area of increasing focus for tPR.

Ch.'s Initials.....

LGPS Local Pension Board, 13 December 2019

7

HC referred to paragraph 7 on page 7 of the report and confirmed that STC is Public Services Network (PSN) compliant. PSN compliance provides a similar level of assurance to ISO 27001, the international standard for information security management systems.

She confirmed that controls and policies were in place with regard to:

- Backups, passwords, restricted access to data.
- Incident response reporting procedure within 48 hours.
- Creation of a Cyber Group at STC.
- Participation in and advice sought from other specialist groups.

STC Administration's review of the report had not flagged any areas of concern. Arrangements were to be made for a representative from STC's ICT Department to attend a future meeting of the Board to explain cyber security measures taken in more detail.

14. TPR's Regulatory Intervention Report into LB of Barnet Superannuation Fund

The Board reviewed tPR's Regulatory Intervention Report into the London Borough of Barnet Pension Fund (LBBPF) which set out how tPR had issued its first ever Improvement Notice to a public service pension scheme, which was solely focused on internal control failures. The Board noted:

- The initial fine issued to LBBPF in 2017 for failing to submit a Scheme Annual Return; and
- The timeline of various notices given to LBBPF during 2019 by tPR.

Comparison was made with NCCPF processes to identify any lessons that could be learned. It was believed the situation had arisen due to confusion over responsibility for completion of the original Annual Return, changes in key officers within the Scheme Manager and other resourcing issues. It was noted that NCC has provided contact details to tPR so four NCC officers automatically receive notification of the requirement to complete the Annual Return, to ensure it remained "on the radar" in case of staff absences or changes.

15. Any other points of note on 6 December 2019 Panel papers

The Board noted that the NCCPF Annual Report and Accounts 2018/19 had been published before the 1 December 2019 deadline, and therefore the Council had complied with the statutory requirement within the LGPS Regulations.

The criteria for MiFID II had been checked for compliance and indicated that there were no changes required.

Ch.'s Initials.....

LGPS Local Pension Board, 13 December 2019

The Chair referred to the Hymans Robertson report 'Good Governance in the LGPS' and commented that it might act as a catalyst to further fund mergers in the future.

STANDING AGENDA ITEMS

The following items were included on agendas as standing items in order that issues could be discussed, if required.

16. New risks and changes to existing risks

The Chair commented that he had not identified any additional risks as a result of tPR's report on the internal control failures at the LBBPF, or tPR's cohort review of the LGPS.

It was noted that there was a new Section 151 Officer in post at NCC which was a potential risk for any pension fund and, if not appropriately managed, could have implications in relation to the Fund's MiFID II status.

In answer to a question about the risk to NCCPF posed by the (yet to be determined) McCloud remedy, CG reported that the Actuary was fully aware and had taken the risk into account in setting the employer contributions at the 2019 valuation. A "Fund level" approach had been taken as there was insufficient information available to take a more accurate approach. An allowance for McCloud had been made in the IAS 19 disclosures as at 31 March 2019 prepared for employers, and an allowance would be needed in the 31 March 2020 disclosures and possibly beyond.

17. Future meeting dates

Members received an updated list of dates for meetings of the Local Pension Board in 2019/20 and 2020/21. The Chair commented that he had another commitment on 11 December 2020 and it would need to be changed, if required.

18. Any other business

There was no other business, however, the Chair thanked everyone for their participation.

(The meeting ended at 12.41 p.m.)

CHAIR GF Moore

DATE 15 February 2020

Ch.'s Initials.....

LGPS Local Pension Board, 13 December 2019

NORTHUMBERLAND COUNTY COUNCIL

LGPS LOCAL PENSION BOARD

The Board's Terms of Reference sets out: Urgent business of the LGPS Local Pension Board between meetings may, in exceptional circumstances, be conducted via communications between members of the LGPS Local Pension Board including telephone conferencing and e-mails.

At a meeting of the **LGPS Local Pension Board** held via teleconference on Monday 23 March 2020 at 10.00 a.m.

PRESENT

GF Moore
Independent Chair
(Non-voting member of the Board)

VOTING MEMBERS

Employer Representatives

Adams, H. (HA)

Scheme Member Representatives

Clark, JP (JC)

Dick, S (SD)

OFFICERS IN ATTENDANCE

C Gorman (CG)

Principal Accountant (Pensions) -
Project Officer

A Lister (AL)

Board Secretary

N Turnbull (NT)

Democratic Services Officer

Definition of Terms

AA

Administering Authority

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Finance and Accountancy

Ch.'s Initials.....

Common Data	E.g. name, address, date of birth
CoP14	tPR's Code of Practice 14
GAD	Government Actuary's Department
GMP	Guaranteed Minimum Pension
IDRP	Internal Dispute Resolution Procedure
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NCCPF	NCC in its Scheme Manager role
PSS	Pension Savings Statements
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Scheme-Specific (Conditional) Data	E.g. employment records and contribution history
STC Administration	Shared administration service for NCCPF and TWPF
ToR	Terms of Reference
tPR	The Pensions Regulator
TWPF	Tyne and Wear Pension Fund

1. Apologies for absence

Apologies for absence were received from Councillor Hutchinson (Employer Representative).

2. Consideration (Declaration) of Conflicts of Interest

None were declared, although the Chair referred to a potential conflict which could arise should Board members' attendance at CIPFA events be discussed, due to his association with CIPFA. The Board agreed that this would not represent a conflict of interests, as the Board Secretary approved attendance at training events.

3. Minutes of the NCC LGPS Local Pension Board

A copy of the previously agreed minutes of the meeting of the LGPS Local Pension Board ("the Board"), held on Friday 13 December 2019, were circulated at the meeting and received for information.

4. LGA Governance Conference in January 2020 “Securing Compliance”

The Chair referred to the presentation he had given at the LGA conference in January 2020, much of which had been based on the good practice at Northumberland. He referred to the triangle of trust between the Pension Fund Panel, Board and officers.

5. STC’s Cyber Security Training event on 4 February 2020

The Chair made reference to the training event which he, SD and CG had attended. The presenters had been senior officers at STC, responsible for the high level management of cyber security, Heather Chambers had also provided information specific to pensions.

It was noted that continuity plans were in place to deal with a complete loss of connectivity. Pensions could be paid by cheque, if necessary.

6. Breaches and processes delegated to the Board by the Panel on 28 February 2020

6A STC Administration’s process details and snapshot of breaches

- Report A7 of 20 September 2019 Panel meeting papers and Appendix 6 and “NCCPF process details” enclosure

CG reported that HC was unable to attend due to a family bereavement.

Before the meeting, CG had discussed the snapshot process details with Ian Blythe, Team Leader at STC, and had received assurances that the major processes measured against the Disclosure Regulations, identified on page 17 of the revised papers, were on track as at 25 February 2020, and there was nothing (in her view) of material significance to tPR to come out of that discussion.

The following were noted:

- An explanation was provided for transfers in, one of which had failed the Disclosure Regulations timeframes due to the individual leaving employment then rejoining, and that member’s transfer in had been shown as outstanding. It was not considered that this should be classed as a breach.
- Recent focus of resources had resulted in a reduction in the number of refunds failing Disclosure timeframes. This area had previously seen an increase following prioritisation of 2019 valuation work.
- Tracing was undertaken on a regular basis, but some members remained untraceable until they got in touch with STC Administration.

The Board **noted** that priorities for pensions administration would change

given the current circumstances of COVID-19 and potentially reduced staffing levels, and gained assurances that priority would be given to the payment of pensions and other core services including putting pensions into payment.

6B Breach relating to 2019 ABS for 62 members

- enclosed with 28 February 2020 Panel meeting papers

The Board received an update regarding the 62 outstanding ABSs for 2019. Confirmation was received that queries had now been raised with the relevant employers. 6 revised ABSs had been issued on 3 March 2020. One record had been set up in error and no ABS was due.

The Board was satisfied that this matter was now resolved.

Urgent Item B

An additional document had been circulated with the revised papers for the meeting which contained an update to all NCCPF employers regarding current arrangements for the administration of the service during COVID-19 lockdown which included staff working from home and retention of a small number of staff in the office. It was noted that the deadline for the April 2020 payroll had been brought forward to ensure that pension payments were made. Procedures were also in place for emergency payments of retirement grants, pensions and death grants.

The Board **noted** the necessity for the revised April deadline to ensure that pensions were paid in April, with the annual increase applied, and that there were arrangements in place to accept requests from any new pensioner member where the early cut off had led to hardship.

The Board discussed the potential impact on breaches and that in the current circumstances, the “threshold” for a breach being considered to be of material significance to tPR would be adjusted.

6C Merger action plan

CG confirmed that on Friday 20 March 2020 the Government had launched the consultation on merger of NCCPF with TWPF. The consultation was due to close on 1 May 2020 and it was expected that the Merger Regulations would come into force at the beginning of June 2020. At that point NCC would cease to be a LGPS administering authority.

She explained the process to be followed which included a requirement for 40 Parliamentary sitting days following the Merger Regulations being laid to have elapsed before the very small risk that the Regulations could be annulled was extinguished.

Other issues of concern related to the impact on the assets and liabilities of the Pension Fund given the recent stock market volatility and the actions of governments, globally, to shut down economic activity and whether this would impact on the decision of TWPF to proceed with merger. However, it was expected that the only responses to the consultation would be from NCCPF and TWPF, both in favour of the merger.

Mercer had recently recommended that clients put on hold any changes to equity allocations. Given the likelihood of continuing market volatility, further regular discussions between the officers and advisers of NCCPF and TWPF would be required to consider whether the previously planned changes to TWPF's investment strategy remained appropriate.

In answer to a question, CG confirmed that the Pension Fund Panel had discussed annulment risk in detail at its meeting on 28 February 2020, given that the annulment period was not expected to elapse until somewhere around the end of September 2020. The risk of annulment of the NCCPF/TWPF Merger Regulations was recognised by the Panel but seen as minor in comparison to the investment risk which would fall, post-merger, on the former NCCPF employers should TWPF defer all trading of the former NCCPF assets from the Regulations coming into force until the annulment risk falls away.

It had therefore been agreed that TWPF be requested to take full responsibility for the former NCCPF assets (including trading in those assets, if appropriate) with effect from the date the NCCPF/TWPF Merger Regulations come into force.

The Board received a copy of the merger action plan which proposed that Board members review any communications to be issued to all NCCPF members.

In answer to a question, it was confirmed that the formal Merger Agreement for cost sharing had now been drafted, and was ready to be finalised and sealed as a deed. Eversheds had provided legal advice to NCCPF for this Agreement.

6D Pensions Regulator's Code compliance checklist

- enclosed with 28 February 2020 Panel meeting papers

CG commented that no items had been identified as red (i.e. not compliant) on the Code compliance checklist, which had been undertaken by Aon, and this provided a high degree of assurance regarding the suitability of NCCPF procedures. The checklist was coloured green and amber; green identified areas of full compliance whereas amber denoted areas of partial compliance. CG proposed that no further action be taken, at this stage, but the position be reviewed should the merger with TWPF not proceed.

The Chair requested that paragraph D4 be amended to include additional

comments as follows:

"Following each Board meeting, the Chair produces an Executive Summary of recommendations and assurances, for presentation at the next meeting of the Pension Fund Panel".

"However, detailed minutes of each Board meeting are presented to the next meeting of the Panel and are in the public domain".

7. Training needs analysis for the Board

The Chair confirmed that the training needs analysis for Board members would be revisited should the merger with TWPF not proceed.

It was noted that the average scores were lower than the previous year which was likely due to a new member joining the Board with less knowledge and experience than the other members. The Chair commented that the Board had a good general understanding of issues which, in his view, was higher than the overall score suggested. Additional training could be provided as part of the regular meetings to improve knowledge and understanding or individual sessions, if required.

8. TPR's cohort review: How does NCCPF compare with tPR's recommendations?

A copy of tPR's 2018/19 LGPS cohort review was circulated which analysed NCCPF's position against a number of recommendations. The report now incorporated comments made by the Board following consideration at the meeting on 13 December 2019 and identified actions on a small number of areas. The Chair thanked officers for their analysis.

9. Board, on behalf of Panel, to seek assurances on decisions made under a delegation at the 28 February 2020 Panel meeting

CG highlighted the following areas where delegations had been given by the Panel at the February meeting:

- Funding Strategy Statement (FSS) - to enable changes to be made (if necessary), following consultation with the employers which took place during early March 2020. CG reported that a comment from an employer as a result of the consultation had led to the draft FSS being amended, and she would consult with the Chair and Vice-Chair of the Panel before finalising it. NCC's website would then be updated with the revised FSS.
- Investment Strategy Statement (ISS) - to reflect the changes to fixed interest investment allocations decided at the 28 February 2020 Panel meeting. NCC's website had been updated with the revised ISS.
- Administering Authority Discretions Policy - to ensure consistency with TWPF. NCCPF's updated Policy was now available on NCC's website.

CG added that the Government had requested that all LGPS funds remove abatement policies, to assist in its call for certain key retired members to return to work, but NCCPF had removed abatement many years earlier.

The Board **gained assurance** that the decisions made under the delegations given by the Panel at the February meeting were being appropriately progressed.

10. Merger update and Communications Plan

CG reported that this item had been dealt with as part of agenda item no. 6C.

It was likely that further Board meetings would be held by email or via conference call to consider member communications.

11. Response to complaint from a NCCPF participating employer about the actuarial valuation process

A copy of the response to the complaint was circulated with the additional papers for the meeting as Urgent item C.

CG provided a brief explanation of the A3 spreadsheet (entitled "*Covenant risk control*", enclosed with the February Panel meeting papers) which identified those employers where the total employer contributions payable expressed as a percentage of anticipated payroll were expected to increase after April 2020, compared to the rates in payment prior to that. This analysis confirmed that more NCCPF employers were facing an *increase* in contribution rate following implementation of the 2019 actuarial valuation than facing a decrease in contribution rate.

The complaint had been raised by an academy facing an increase in contribution rate. CG confirmed that there had been a consistent application of actuarial assumptions across employers, and the assumptions had been agreed by the Panel in September 2019 prior to having any knowledge of the outcome for each employer. Conflicts of interests had been appropriately managed, and on behalf of the Board, the Chair had indicated in writing that the Board had independently concurred that this had been the case. Those NCCPF academies facing increases in contribution rates had each been given the option of recovering the deficit over 17 years, instead of over the average future working life, to help employers with affordability of the Scheme. AL reported that all but one of those given the choice had opted for a 17-year deficit repair period.

CG confirmed that increasing the probability of funding success to 80% (from 75% at the previous actuarial valuation) put the Fund in a better position to weather the downturn which may occur as a result of the COVID-19 measures.

12. Points of note from 28 February 2020 Panel papers

The Board took note of the following items from the Pension Fund Panel meeting held on 28 February 2020:

- Reports on internal controls operated by fund managers and the custodian
- LGPS Advisory Board's draft Guidance on Responsible Investment
- Covenant Risk Assessment of NCCPF employers
- Northumberland County Council's Funding Strategy Statement
- BCPP's responsible investment policy
- Transfer of AVC provision from Equitable Life to Utmost
- Assessment and reassessment of academies.

13. Administering Authority Discretions Policy

A copy of the updated Administering Authority Discretions Policy was circulated with the Board papers following revisions agreed by the Pension Fund Panel on 28 February 2020.

A brief update had been provided as part of agenda item no. 9.

14. Update on Board Survey

CG reported that the SAB Board Survey had not yet been released for completion.

15. New risks and changes to existing risks, including annulment risk

CG referred Board members to the additional documents circulated as Urgent Items D and E.

Item D - Mercer's COVID-19 Fund Checklist contained useful pointers for Administering Authorities to consider.

CG commented that clarification was awaited (from the SAB) with regard to the Government's furloughing arrangements and whether furloughed pay would be pensionable.

Item E - email from the Principal Accountant (Pensions) - Project Officer to employers regarding the 2019 actuarial valuation and market turmoil. Employers were asked to start considering the potential impact on the 2022 actuarial valuation and budget for a possible increase in contribution rates. Any employer likely to exit the Fund before the next valuation was requested to contact CG as early exit would likely result in a larger exit payment. HA confirmed receipt of the Urgent Item E email as an Employer Representative.

The Chair commented that on reflection, the extra degree of prudence built into NCCPF's 2019 valuation provided a buffer not necessarily available to

other funds.

CG reported that she had asked the actuary to sign off the 2019 valuation as soon as possible to give certainty (regarding contributions payable) to employers. Email confirmation would be sent to Panel and Board members once the valuation was finalised.

In answer to a question, CG confirmed that the 2019 valuation might not be signed off until 31 March 2020. She highlighted the impact of falling asset values which would probably not be balanced by an expectation of increased future returns. The Government's lockdown measures would necessitate a review of covenant risk for Fund employers.

16. Future meeting dates

Members received an updated list of dates for meetings of the Local Pension Board in 2020/21.

17. Any other business

There was no other business.

(The meeting ended at 11.10 a.m.)

CHAIR GF Moore

DATE 20 April 2020

