

NORTHUMBERLAND COUNTY COUNCIL

PENSION FUND PANEL

At the Annual Meeting of the **Pension Fund Panel** held at County Hall, Morpeth on Monday, 5 June 2017 at 9.30 a.m.

PRESENT

Councillor J.G. Watson
(Chair, in the Chair)

MEMBERS

Bawn, D.L.
Dunn, L.
Kennedy, D.

Robinson, M.
Swithenbank, I.C.F.

TRADE UNION REPRESENTATIVES

Culling, A.

OBSERVER REPRESENTATIVES

Adams, Mrs. J. H.

Employer Representative

OFFICERS IN ATTENDANCE

Mrs. C. Gorman

Principal Accountant (Pensions) -
Project Officer

Mr. A. Lister

Principal Accountant (Pensions)

Ms. N. Turnbull

Democratic Services Officer

ALSO PRESENT AS OBSERVERS

J.P. Clark

LGPS Pension Board Member

1. MEMBERSHIP AND TERMS OF REFERENCE

The membership and terms of reference of the Pension Fund Panel were reported and the appointments of **Councillors J.G. Watson** and **D. Kennedy** as **Chair and Vice-Chair** respectively were noted, as agreed at the annual meeting of the County Council held on 24 May 2017.

6 County Councillors (3:2:1) (Voting) (1 Con place to Ind)

Quorum - 3

Ch.'s Initials.....

Conservative	Labour	Bedlington Independents	Liberal Democrat	Independents/ Non-grouped
D. Bawn	L. Dunn			D. Kennedy
J.G. Watson	I.C.F. Swithenbank			

In addition:

Observers (Non-voting) -

Mrs. J. H. Adams (Employer Representative)

Ms. S. Dick (Employee/Pensioner Representative)

2 observer status places for Trades Union representatives (non-voting):

A. Culling and I. Storey

Terms of Reference

The Pension Fund Panel has the power to discharge all functions and responsibilities relating to the Council's role as administering authority for the Northumberland County Council Pension Fund as set out in The Local Government Pension Scheme Regulations 2013 (as amended), the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended), and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).

The Panel's functions include:

- (1) Ensuring the proper administration of the Local Government Pension Scheme;
- (2) Ensuring appropriate management of the investments of the Northumberland County Council Pension Fund, including keeping under review the Fund's investment strategy and management structure;
- (3) Approving and maintaining administering authority policy statements as required by the Local Government Pension Scheme Regulations including the Funding Strategy Statement, Investment Strategy Statement, Governance Compliance Statement and Communications Strategy;
- (4) Making suitable arrangements for the actuarial valuations of the Pension Fund taking into account the covenant risk posed by the participating employers; and
- (5) Appointing and reviewing the appointments of investment managers,

advisers and consultants.

The Northumberland County Council Pension Fund's Governance Policy and Compliance Statement provide further detail of the administering authority's LGPS governance arrangements.

NCC LGPS Pension Board provides oversight of the governance and administration of the LGPS. Its Terms of Reference are set out in the Constitution.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr. I. Storey and Ms S. Dick (Observers).

3. DISCLOSURE OF MEMBERS' INTERESTS

The Local Government Pension Scheme is a national pension scheme set by central Government and the terms and conditions apply equally to all Scheme members. Panel members and attendees cannot influence the terms and conditions of the Scheme and they do not set the regulatory framework which governs it.

Membership of the Scheme does not represent a personal interest for Panel members, observers or officers in attendance.

Councillor Dunn confirmed that she was a member of the LGPS.

4. MINUTES

RESOLVED that the minutes of the meeting of the Pension Fund Panel held on Friday, 31 March 2017, as circulated, be confirmed as a true record, and signed by the Chair.

5. REPORT OF THE CHIEF EXECUTIVE

The Panel was invited to consider the following report, enclosed as Appendix A:-

(1) NCC representation on Border to Coast Pensions Partnership (BCPP) Joint Committee

The Panel considered the nomination of individuals to represent NCC Pension Fund within the newly established governance arrangements for the BCPP

Pool.

The Principal Accountant - Project Officer provided a summary of the report which explained the background and purpose of pooling arrangements in England and Wales. The NCC Pension Fund had previously made a decision to join the Border to Coast Pensions Partnership (BCPP) and although the NCC Pension Fund was the smallest fund in the Pool, it would have an equal voice in the governance with the other 11 funds.

Completion of the legal documents to establish the BCPP Pool was expected to take place on 6 June 2017. The nomination of a representative to sit on the BCPP Joint Committee would enable participation at the meeting of the Joint Committee that day.

It was noted that the wording of the second resolution allowed for potential future changes to the interim arrangements regarding the post of Chief Financial Officer.

Members of the Panel discussed the following:

- The purpose of pooling, which it was hoped, would drive cost savings without negatively impacting on performance.
- The cyclical nature of the performance of asset managers, and that it was not yet known how fund performance would be affected if there were fewer managers in the market.
- Pooling could reduce manager risk.
- The decision as to asset allocation for the Fund would be retained by the Panel.
- Persistent minor investment underperformance can have a significant impact on Fund value when compounded up over a period of (say) 20 years.
- The NCC Fund had increased significantly since 31 March 2016 and when compared with 10 years ago.
- One of the Government's aims for pooling is to encourage LGPS pension funds to invest in UK infrastructure. LGPS Regulations require administering authorities to select investments based on expected risk and return characteristics and increasing allocations for UK infrastructure may not fit the funds' investment strategies.

RESOLVED that:

- (a) The Chair and Vice-Chair (as substitute) be nominated to represent NCC on the newly established BCPP Joint Committee; and
- (b) The Chair and Vice-Chair (as substitute) or the Chief Financial Officer (or his/her nominee) in consultation with the Chair and Vice Chair of the Panel, as appropriate, be nominated to exercise NCC's shareholder rights in BCPP Ltd.

6. EXCLUSION OF PRESS AND PUBLIC

RESOLVED that

- (a) under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the Agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act and as indicated below:

Agenda Item	Paragraph of Part I of Schedule 12A
8	3
	Information relating to the financial or business affairs of a particular person (including the Authority holding that information).

AND

- (b) the public interest in seeking this exemption outweighs the public interest in disclosure because:-
- (i) it contains information that, if in the public domain, could affect the preferential rates the Fund is charged;
 - (ii) because the information would not be provided at future meetings if it were considered in public; and
 - (iii) because the industry standard is to keep this information confidential.

7. REPORT OF THE CHIEF EXECUTIVE

The Panel considered the following report, which was not reproduced, coloured pink and marked "Not For Publication", a copy of which is filed with the signed minutes as Appendix B:-

(1) Shared pensions administration service with Tyne and Wear Pension Fund

The Panel received a report which proposed that NCC's current collaborative working arrangements be formalised with Tyne and Wear Pension Fund (TWPF), for the LGPS pensions administration service.

The Principal Accountant - Project Officer outlined the difficulties experienced by the pensions administration section and the assistance that had been provided by colleagues at the Tyne and Wear Pension Fund since December

2016. She pointed out that the proposal was to enter into a legal agreement with TWPF which merely formalised the currently operating informal arrangements.

Members discussed the benefits of the proposed arrangements.

RESOLVED that the report be accepted.

CHAIR _____

DATE _____