

NORTHUMBERLAND COUNTY COUNCIL

PENSION FUND PANEL

At a meeting of the **Pension Fund Panel** held at County Hall, Morpeth on Friday, 3 November 2017 at 9.30 a.m.

PRESENT

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

MEMBERS

Dunn, L.	Robinson, M.
Kennedy, D. (from 9.40 am)	Swithenbank, I.C.F.

TRADE UNION REPRESENTATIVES

Culling, A.	Storey, I.
-------------	------------

OBSERVER REPRESENTATIVES

Dick, Ms. S.	Employees / Pensioner Representative
--------------	---

OFFICERS IN ATTENDANCE

Mrs. C. Gorman	Principal Accountant (Pensions) - Project Officer
Mr. C. Johnson	Senior Accountant (Pensions)
Mr. A. Lister	Principal Accountant (Pensions)
Ms. N. Turnbull	Democratic Services Officer

ALSO PRESENT AS OBSERVERS

J.P. Clark	LGPS Pension Board Member
G.F. Moore	Chair of LGPS Pension Board
Cllr B Pidcock	LGPS Pension Board Member

Also present:

K McWilliam of Aon Hewitt

28. APOLOGIES FOR ABSENCE

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

29. MINUTES

RESOLVED that:

- (a) the minutes of the meeting of the Pension Fund Panel held on Monday, 4 September 2017, as circulated, be confirmed as a true record, and signed by the Chair.
- (b) the minutes of the meeting of the Pension Fund Panel held on Friday, 6 October 2017, as circulated, be confirmed as a true record, and signed by the Chair.

30. 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 that apply to them, 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.

31. REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

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

(1) NCC Pension Fund's Administration Strategy Statement

The report sought approval to update NCC's LGPS Administration Strategy in order to align it with Tyne and Wear Pension Fund's (TWPF) Administration Strategy, prior to the implementation of the shared LGPS pensions administration service with TWPF at the end of January 2018. For the efficiency of the shared administration service, it would be necessary to align processes wherever possible.

The Principal Accountant (Pensions) - Project Officer outlined the differences between NCC's Strategy and TWPF's Strategy and the approach taken in NCC's revised Administration Strategy Statement to resolve the differences.

In many of the areas where there were differences identified, NCC would adopt the same approach as TWPF, although there were also instances where NCC would retain its current policy. At TWPF's annual review of its Strategy in February 2018, NCC would request that consideration be given by TWPF to making changes to align with NCC's policy.

In answer to a question, it was confirmed that the proposed changes to NCC's LGPS Administration Strategy Statement had been communicated to NCC's participating employers at the meeting held on 17 October 2017, with further information circulated to all employers by email following the meeting. A consultation exercise was to be carried out with employers and trade unions in accordance with the legal requirement to consult with interested parties on the revised NCC LGPS Administration Strategy.

RESOLVED that:

1. The NCC LGPS Administration Strategy attached as Appendix 1 to the report, be approved; and
2. Authority be delegated to the Director of Corporate Resources, in consultation with the Chair and Vice-Chair of the Pension Fund Panel, to make any further changes required to the NCC LGPS Administration Strategy as a result of the consultation with participating employers and trade unions. All members of the Pension Fund Panel to be notified if there are any further changes to the Administration Strategy, following the consultation.

(2) Revised Governance Policy and Compliance Statement

The Panel considered a revised NCC LGPS Governance Policy and Compliance Statement (GCPS), the draft of which had been amended to reflect changes which will result from implementation of the shared LGPS pensions administration service with TWPF, from late January 2018.

The Principal Accountant (Pensions) - Project Officer explained that the Governance Policy and Compliance Statement was normally reviewed every three years and the last update had taken place in 2015 to reflect the introduction of LGPS Local Pension Boards.

The majority of the proposed amendments to NCC's GPSC were viewed as minor, with the most significant change being the requirement to replace the reference to the current delegation to NCC's Staff (Appeals) Committee to exercise the administering authority's discretion over the payment of death grants. It was proposed that, following the introduction of the shared administration service with TWPF, such decisions be delegated to the Head of Pensions at TWPF, in accordance with its Death Grant Protocol. TWPF, as a larger fund, had more cases of this nature per year than NCC, and its own protocol was reviewed annually by its Pensions Committee. Karen McWilliam endorsed the TWPF protocol and added that, due to the technical nature of

this area, it was appropriate that such cases were decided by an officer, i.e. Head of Pensions at TWPF, with input from TWPF's in-house legal team.

The amendment regarding the delegation of death grant payment discretions would also require a change to NCC's Constitution, which would be actioned by a decision of full Council, acting on the recommendation of the Panel.

RESOLVED that:

1. The revised draft NCC Governance Policy and Compliance Statement as set out in Appendix 2 of the report, be approved, and the Panel recommend to full Council an amendment to the Staff (Appeals) Committee's terms of reference to remove its delegation to exercise the administering authority's death grant discretion; and
2. Participating employers and trade unions, be approved as consultees for the revised NCC Governance Policy and Compliance Statement.

32. 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 Items	Paragraph of Part I of Schedule 12A
7	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.

33. REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

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

(1) Administering Authority Discretions Policy

The report sought approval from the Pension Fund Panel to introduce a Discretions Policy for NCC Pension Fund to specify the decision maker in various circumstances, should a decision to exercise an administering authority discretion be required, following implementation of the shared administration service with Tyne and Wear Pension Fund (TWPF).

A draft Discretions Policy (Appendix 1) was circulated at the meeting, with changes to the circulated appendix highlighted in blue.

Karen McWilliam of Aon Hewitt referred to the three different sections of the policy and highlighted a number of examples which stated what the current policy was and who it was proposed would be the ‘decision maker’. The three parts included:

- Pre-existing discretions that were continued by the Local Government Pension Scheme Regulations 2013 (2013 Regulations) or the Local Government (Transitional Provisions) Regulations 2014 (TP Regulations), or were unaffected by the regulatory changes.
- Pre-existing discretions that were not continued by the Local Government Pension Scheme Regulations 2013 (2013 Regulations) or the Local Government (Transitional Provisions) regulations 2014 (TP Regulations). Policy decisions would, however be needed to deal with current casework or, in some cases, retrospective applications.
- New discretions contained in the Local Government Pension Scheme Regulations 2013 (2013 Regulations) or the Local Government (Transitional Provisions) regulations 2014 (TP Regulations).

The Principal Accountant (Pensions) - Project Officer commented that TWPF would require time to consider the latest changes to the policy and therefore requested that delegated authority be given to the Corporate Director of Resources, in consultation with the Chair and Vice-Chair of the Panel, in the event that any further changes needed to be made following the consultation.

Ms McWilliam identified a number of other NCC policies which she recommended be considered at the February 2018 meeting of the Pension Fund Panel, namely the NCC Breaches Recording Procedure as well as its Communications Policy, which would also require alignment with TWPF’s Policies. She recognised that breaches recording within the shared service would take some time to develop, and this may take some months.

The Panel also received a brief update about the work that was being undertaken in relation to Guaranteed Minimum Pension (GMP) reconciliation. A further update would be provided in due course.

RESOLVED that:

1. The NCC Pension Fund draft Administering Authority Discretions Policy as set out in the revised Appendix 1 of the report, be approved; and
2. Authority be delegated to the Director of Corporate Resources in consultation with the Chair and Vice-Chair of the Pension Fund Panel to make any further changes required to the NCC Pension Fund Discretions Policy as a result of the consultation with Tyne and Wear Pension Fund. All members of the Panel to be notified if there are any further changes to the Discretions Policy, following the consultation.

(2) Shared Pensions Administration Service with Tyne and Wear Pension Fund

The report provided an update on the progress towards a shared pensions administration service with TWPF, with the project to move to a fully integrated service still on track to commence from 29 January 2018. The update included details of the meeting held with NCC Pension Fund employers on 17 October 2017 and the follow up action to engage them in the process and keep them informed. A further employer meeting would be held prior to the transfer to shared services.

Negotiations had begun on the legal agreement between NCC and STC which will underpin the shared service arrangement, with an initial twelve year term to link with the triennial actuarial valuation cycle. The Principal Accountant (Pensions) – Project Officer outlined, in broad terms, the functions and duties that would be carried out by STC, in providing a shared service to NCCPF and TWPF, and those that would be retained at NCC. Following a question, it was confirmed that the estimated payback period for NCC in relation to the shared service arrangement was likely to be around three to four years.

RESOLVED that the report be received.

34. URGENT BUSINESS

Strain on the Fund factors

The Principal Accountant (Pensions) - Project Officer circulated an email from Aon Hewitt which contained advice regarding the approach to be adopted for the Strain on the Fund factors. TWPF planned to use updated factors for TWPF's and NCCPF's participating employers with effect from 1 February 2018.

The Panel discussed the impact of life expectancy in different geographical areas and it was confirmed that this was one of the factors incorporated within the triennial actuarial valuation process. The strain on the fund amounts paid by each employer for employees made redundant aged 55 years and over gave an indication of the additional employer contributions due as a result of the early payment of pensions for those employees.

RESOLVED that the information be received, and members noted that new strain factors would be applied to NCCPF from 1 February 2018.

CHAIR _____

DATE _____