

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 23 February 2018**

Report of the Chair of the Northumberland LGPS Local Pension Board

Purpose of the Report

The purpose of this report is for the Pensions Panel to learn of and consider any recommendations from and assurances gained by the Northumberland Local Pension Board, and any other relevant information, emanating from the meeting of the Board on 11 December 2017.

Recommendation The Panel is requested to accept (1.1) and note (1.2, 1.3 1.4 and 1.5) the proposals and assurances (2.1, 2.2 and 2.3) from the Local Pension Board.

Outcomes from Pension Board Meeting on 11 December 2017

1. Recommendations from the Board

1.1 The Board recommends that, where possible, all investment returns and performance information presented by investment managers and advisers to the Panel be shown net of fees so that valid comparisons could be made.

Justification: an analysis of recent documents shows a mixed approach, with little evidence of the key metric, which is performance net of fees, whilst the majority showed performance gross of differing elements of fees and costs.

1.2 Regarding the risks associated with the move to a shared administration service with the Tyne and Wear Pension Fund the Board recommended that scheme employers be given plenty of advance notification to prepare for the change of dates for submitting information and payments of contributions.

Outcome: this recommendation was in line with officers' plans and has been implemented.

1.3 Regarding the wider risks associated with the switch to a shared administration service, the Board was advised of the commitment of key Northumberland staff to work additional hours to help ensure a timely and successful transfer of accurate data. The Board recommended that officers express the Board's appreciation to those staff who worked additional hours.

Outcome: It was subsequently noted with pleasure that the Section 151 Officer had added her appreciation to that of the Board.

1.4 The Board made recommendations regarding the content and timing of a letter to scheme members alerting them to the move to shared services.

Outcome: the recommendations were acted on by officers.

1.5 Regarding the critical investment risks associated with the requirement and deadlines to be signed up to professional investor status under the MiFID II Directive, the Board was concerned that the Fund's investment advisor had not yet, at that time, signed up the Fund, and recommended that officers contact the investment advisor as a matter of urgency to enquire about the progress of the awaited response.

Outcome: this recommendation was promptly implemented by officers and the confirmation of the awarding of professional investor status to the Northumberland Pension Fund by its investment advisor was received ahead of the deadline.

2. Assurances Gained by the Board

2.1 The Board gained assurance that following implementation of shared administration services, there would be no adverse impact on the access to advice for members of the Scheme.

This assurance was gained following the Board's discussions with the Operations Team Manager of the Tyne and Wear Fund, who was in attendance and explained that the shared service would provide an improved service to members' telephone enquiries, given the larger team at South Tyneside Council and the provision of a specialist helpline staffed by knowledgeable LGPS administrators.

2.2 At the Panel's request, the Board examined the most recent set of breaches of regulations, and was satisfied that none came close to being of material significance to the Pensions Regulator and therefore a reportable event.

2.3 The Board considered in some depth the proposed additions to the risk Register, as reflected in Report A9 of 24 November 2017 Panel papers plus Appendix 13 and Risk and controls combined report. The Board gained assurances that the risks were being managed by key personnel at a senior level. Also discussed were the controls in place to manage those risks.

3. Other Information

3.1 The Chair of the Board held his annual meeting with the Section 151 officer in November and gained assurances from her degree of involvement on pension fund matters.

3.2 A meeting arranged by Northumberland together with three neighbouring Funds and the Pensions Regulator was held on 21 December 2017 and was well attended by Committee and Panel Members, Board members and officers. The Chair of the Board will shortly be meeting the Pensions Regulator informally to provide feedback and discussion points from that meeting and from other presentations by the Regulator.

3.3 Consistent with the expectations set out in paragraph 57 of the Pension Regulator's Code of Practice 14, Board members have completed their individual training needs analysis which will help inform future training events, and will be kept under on-going review.

Gerard Moore

Independent Chair: Northumberland LGPS Pensions Board