

**NORTHUMBERLAND COUNTY COUNCIL**

**PENSION FUND PANEL**

At a meeting of the **Pension Fund Panel** held at County Hall, Morpeth on Friday, 13 April 2018 at 9.45 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**

Dick, S.

Employees / Pensioner  
Representative

**PENSION FUND PANEL ADVISER MEMBER**

Ms. J. Holden

Mercer Ltd.

**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 Clark

LGPS Pension Board Member

Cllr B Pidcock (until 1.00 p.m.)

LGPS Pension Board Member

**50. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Ms. Adams (Employer Representative), Mr Storey (Trade Union Representative) and G.F. Moore (LGPS LPB Chair, as Observer).

**51. MINUTES**

**RESOLVED** that the minutes of the meeting of the Pension Fund Panel held on Friday, 23 February 2018, as circulated, be confirmed as a true record, and signed by the Chair.

**52. 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.

**53. 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
6-10	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.

## **54. REPORTS OF THE SERVICE DIRECTOR - FINANCE**

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 A:-

### **(1) Selection of an infrastructure manager for Northumberland County Council Pension Fund**

The Panel received information about three infrastructure managers that had been shortlisted to present to the meeting to enable a manager (or managers) to be selected for the Pension Fund to make a commitment of c. £40 million to.

It was noted that the Fund had a target allocation of 5% (of total Fund value) in infrastructure. As existing infrastructure investments were maturing and starting to pay capital back, the Fund would need to make a new commitment in order for the 5% target allocation to be maintained.

Members were informed that it was not yet known when the Border to Coast Pensions Partnership (BCPP Ltd) infrastructure sub-fund would be launched and therefore officers had worked with Mercer and the other BCPP funds to shortlist three suitable infrastructure managers for the Panel to select from.

Joanne Holden provided full details of Mercer’s opinion of the three investment managers that would attend for interview and the infrastructure fund each had put forward for this mandate.

The fund managers had been asked to include the following information as part of their presentations:

- An overview of the firm and the team.
- A description the firm and fund's competitive advantage.
- Details of the proposed structure, performance and risk objectives of the fund.
- An illustration of the likely makeup of the fund in terms of types of assets and geographical and sector spread.
- Details of the fund's governance structure (in particular decision making and oversight procedures, time frames for investment and exit strategy).
- Commentary on the current environment for infrastructure investment and the opportunities to be pursued, including the threats and opportunities from LGPS pooling.

The Panel also considered an extract of the Fund's Investment Strategy Statement, legal advice from South Tyneside Council's Pension Fund Team regarding the exemption from EC tendering procedures to be relied upon for this selection and minutes of the All Party Parliamentary Group meeting in January 2018.

The Panel received presentations from:

- Rob Barr and Andrea Echberg of Pantheon;
- Sergio Jovele and Marc Meier of Partners Group;
- Louisa Yeoman, David Rees and Simon Ellis of AMP Capital

Panel members asked questions during the managers' presentations to obtain a better understanding of the philosophy and portfolio construction for each manager.

At the end of the presentations, the Panel discussed the three products/firms and NCCPF's options and gave guidance to officers, requesting that certain issues/questions be clarified before a decision could be made.

**RESOLVED** that the Pension Fund Panel be minded to make an additional investment in infrastructure of approximately £40 million and that delegated authority be given to the Service Director - Finance, in consultation with the Chair and Vice-Chair of the Pension Fund Panel, to finalise the arrangements with the infrastructure fund manager following clarification of information.

## **(2) Waiver of Client Money Rules for BCPP Ltd**

The Panel received a report which requested that it make an 'in principle' decision to sign the CASS waiver to opt-out of the Financial Conduct Authority (FCA) Client Money Rules in dealings with BCPP Ltd subject to appropriate alternative client money arrangements being put in place by BCPP Ltd.

The Principal Accountant (Pensions) - Project Officer explained that the waiver would enable BCPP Ltd to operate at lower cost than would be possible if following Client Money Rules. The risk to the NCCPF of loss of funds due to BCPP Ltd's insolvency would be small as triggering insolvency would be within the BCPP administering authorities' control, as shareholders. An 'in principle' decision was required as the wording of the opt-out declaration could not be finalised until the BCPP Ltd's Authorised Contractual Scheme prospectus was finalised.

**RESOLVED** that:

1. An 'in principle' decision to sign the CASS waiver opt-out declaration described in paragraph 2.1 of the report, be agreed.

2. Delegated authority be given to the Service Director - Finance, in consultation with the Chair and Vice-Chair of the Pension Fund Panel, to finalise the opt-out declaration and ensure that appropriate alternative client money arrangements are put in place by BCPP Ltd.

**55. MERCER'S REPORT ON INFRASTRUCTURE MANAGERS**

The Panel considered a report from Mercer Ltd on the investment managers attending the meeting which was presented by Joanne Holden.

**RESOLVED** that the report be received.

**56. PRESENTATION BY PANTHEON**

The Panel received a presentation from Rob Barr and Andrea Echberg.

**RESOLVED** that the presentation be received.

**57. PRESENTATION BY PARTNERS GROUP**

The Panel received a presentation from Sergio Jovele and Marc Meier.

**RESOLVED** that the presentation be received.

*(Councillor Pidcock left the meeting at 1.00 p.m.)*

**58. PRESENTATION BY AMP CAPITAL**

The Panel received a presentation from Louisa Yeoman, David Rees and Simon Ellis.

**RESOLVED** that the presentation be received.

**CHAIR** \_\_\_\_\_

**DATE** \_\_\_\_\_