

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 22 June 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 17 April 2018.

Recommendation The Panel is requested to support Recommendation 1.1, to note the various assurances gained by the Board as set out in paragraph 2, and note the points of interest set out in paragraph 3.

Outcomes from Pension Board Meeting on 17 April 2018

1. Recommendation from the Board

1.1 The Board recommends that, if possible, the format of Key Performance Indicators (KPIs) reports relating to LGPS Administration functions performed under the Shared Services arrangement with the Tyne and Wear Pension Fund (TWPF) and produced by TWPF include the same comparative data as hitherto reported to the NCC Pensions Panel.

Justification: setting out adjacently four sets of data: (1) target performance, (2) actual performance, (3) legal requirements re timescale and (4) numbers of cases involved, would give readers all the relevant information to enable a comprehensive conclusion to be reached, and which should also show some consistency with the reports of recorded breaches.

2. Assurances Gained by the Board

2.1 General Data Protection Regulations 2016: the Board gained assurances from the work being undertaken by TWPF to comply with GDPR and from the on-going data cleansing processes undertaken by TWPF to meet the requirements of the Pension Regulator's Code of Practice 14. On a local level, assurances were sought regarding the data storage facilities at Woodhorn, and these will be forthcoming. The Board also discussed ways by which the Board itself could avoid potentially being in breach of these regulations.

2.2 Implementation of MiFID II Directive: as part of its role in ensuring compliance with the relevant regulations, the Board gained assurances that procedures are in place to ensure that there is on-going monitoring of any changes in circumstances which might call into question the granting of elective professional client status by NCC's relevant service providers. Specifically examined were the pensions training plans for the new Section 151

Officer and the on-going close involvement in pensions issues of the Deputy Section 151 Officer.

2.3 Relationships and performance under Shared Administration Services: the Board is helped in its monitoring role by the attendance at NCC Board meetings of a senior member of the TWPF administration team. This gives the Board assurances that it will be able to monitor the performance of the TWPF team in accordance with the TPR guidance on monitoring service providers. Additionally, an assurance was gained that the same level of service is provided to all scheme members, irrespective of which of the two Funds they belong to.

2.4 Progress on specific tasks for completion in 2018/2019: the Board probed progress on two tasks due for completion during 2018. As usual, Annual Benefit Statements (ABSs) need to be made available to active scheme members by 31 August, which will be the first for NCC members to be produced under the Shared Administration Services agreement. TWPF had met the deadlines in previous years, and an operation plan is in place which plots key dates for both employers and TWPF, and there is also a robust system in place for issuing reminders to employers. The second task examined was the requirement to submit the Scheme Annual Return to TPR, mindful of the fact that, previously, non-return of such a document led to a London Borough being fined by TPR. The Board learned of some technical issues requiring clarification at a national level, prior to completion of both common and scheme-specific data scores as a new part of the Scheme Annual Return. Pension data validation checks done locally on NCC data indicated a small number of failures, so further work is proceeding.

2.5 Procedures for Appointing Service Providers: a recent opportunity arose for some Board members to observe the process followed for the appointment of an asset manager. Board members felt that the information contained in the prepared papers was comprehensive, and noted the thoroughness of the Panel's discussions. The robustness of the selection process was considered to be fair and reasonable.

3. Other Information

3.1 The Board approved the draft Annual Report of the Board for 2017/2018. As Chair, I am delighted to report a 90% attendance record for the year, which must rank very highly. The Annual Report of the Board will be appended to the Annual Report and Accounts of the Pension Fund.

3.2 Further to my previous report to the Panel, I have met informally with the Pensions Regulator following the TPR presentation on 21 December 2017 attended by the four funds from the north east. My focus was on the uniqueness of the LGPS compared with the unfunded public service pension schemes, and TPR welcomed that feedback. Informal comments from local delegates indicated a value in an updated TPR presentation some time in Winter 2018/Spring 2019. TPR is keen to continue such engagement.

3.3 At various recent presentations, the Pensions Regulator has expressed the view that Local Pension Boards should meet at least four times per annum. As NCC has previously agreed that the frequency of Board meetings reflects the quarterly meetings of the Pensions

Panel, I am content that the NCC Board can effectively perform its duties within this arrangement.

Gerard Moore

Independent Chair: Northumberland LGPS Pensions Board