



Northumberland County Council

Your ref:

Our ref:

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Tel direct: (01670) 622617

Date: 27 September 2018

Please ensure you bring your previously circulated papers for 10 September 2018 to this meeting.

Dear Sir or Madam,

Your attendance is requested at a meeting of the **PENSION FUND PANEL** to be held in **Committee Room 1**, County Hall, Morpeth on **Friday, 5 October 2018** at **9.30 a.m.**

Yours faithfully,

Daljit Lally
Chief Executive

To members of the Pension Fund Panel



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AGENDA

PART I

It is expected that the matters included in this part of the agenda will be dealt with in public.

1. APOLOGIES FOR ABSENCE

2. MINUTES

- (a) Minutes of the meeting of the Pension Fund Panel, held on Friday, 22 June 2018, as circulated, to be confirmed as a true record, and signed by the Chair.
- (b) Minutes of the LGPS Local Pension Board, held on Monday, 26 July 2018, as circulated, to be received for information.

3. DISCLOSURE OF MEMBERS' INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required to disclose any personal interest (which includes any disclosable pecuniary interest) they may have in any of the items included on the agenda for the meeting in accordance with the Code of Conduct adopted by the Council on 4 July 2012, and are reminded that if they have any personal interests of a prejudicial nature (as defined under paragraph 17 of the Code Conduct) they must not participate in any discussion or vote on the matter and must leave the room

NB Any member needing clarification must contact Liam Henry, Legal Services Manager, on 01670 623324. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. REPORTS OF THE SERVICE DIRECTOR - FINANCE

The Panel is invited to consider the following reports, previously circulated as Appendix A:-

1. Northumberland County Council Pension Fund: 2017/2018 Annual Report and Accounts and external audit

To update the Panel on the publication of the Northumberland County Council Pension Fund Annual Report and Accounts for the year to 31 March 2018, and provide the external auditor's "**Audit Results Report**".

2. IORP II: implications for LGPS administering authorities

To provide information about IORP II, the EU Directive for pension schemes which must be brought into UK legislation by 13 January 2019.

3. CMA proposed changes to the investment consultancy market

To provide information about reforms to the investment consultancy market proposed by the Competition and Markets Authority (CMA) in its provisional decision report, published in July 2018.

4. Conflicts of Interest Policy for NCC Pension Fund and individual declarations of interests

To request that the Panel updates the Fund's Conflicts of Interest Policy which applies to Pension Fund Panel and Local Pension Board members and key officers involved in administering the LGPS, and requests that Panel and Board members review their current individual declarations under that Policy.

4.1 Update report attached as Appendix A1.

5. Pensions Ombudsman's ruling against Northumbria Police

To provide information about the Pensions Ombudsman's recent ruling against Northumbria Police in a pension liberation fraud, and the procedures in place at Tyne and Wear Pension Fund (TWPF), as part of the shared service, to prevent a similar occurrence at NCCPF or TWPF.

6. Outcomes of the July 2018 meeting of the NCC LGPS Local Pension Board

To provide information to the Panel about outcomes and proposals from the meeting of NCC's LGPS Local Pension Board held on 26 July 2018.

7. Action Plan 2018 for NCC Pension Fund: quarterly monitoring

To monitor progress against the NCCPF Action Plan 2018.

8. Recording breaches: progress and quarterly monitoring report

To provide information about breaches of the law which have occurred in and before the quarter to 30 June 2018.

9. Key Performance Indicators (KPIs) for LGPS administration

To provide information to the Panel about the Fund's KPIs in the quarter to 30 June 2018.

10. Fund performance and total Fund value

To provide information to the Panel about NCC Pension Fund's performance in the quarter to 30 June 2018 and the total Fund value at that date.

5. URGENT BUSINESS (IF ANY)

To consider such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

PART II

It is expected that matters included in this part of the Agenda will be dealt with in private. Reports referred to are enclosed for members and officers only, coloured pink and marked "Not for Publication".

6. EXCLUSION OF PRESS AND PUBLIC

The Committee is invited to consider passing the following resolution:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items 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
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item	Paragraph of Part I of Schedule 12A
7-11	3 Information relating to the financial or business affairs of any particular person (including the Authority holding that information).
AND	The public interest in maintaining this exemption outweighs the public interest in disclosure because <ul style="list-style-type: none">(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. REPORTS OF THE SERVICE DIRECTOR - FINANCE

The Panel is invited to consider the following reports, previously circulated as Appendix B:-

1. Current estimated funding position for Northumberland County Council Pension Fund

To present the latest quarterly update on the actuarial funding position for the NCC Pension Fund as a whole to Panel members.

2. GMP reconciliation: progress report

To update the Panel on Guaranteed Minimum Pension (GMP) reconciliation work undertaken to date, and prospects for NCCPF meeting the October 2018 HMRC deadline for submission of queries.

3. Migration balancing items: over or under payments

To provide information about differences (i.e. "balancing items") carried forward from NCCPF's to TWPF's pension administration system at inception of the shared service, and proposes to start investigations to resolve and correct those items.

3.1 Update report attached as Appendix B1.

4. Legal and General: FT article on compliance failures

To provide information about a press report containing allegations of compliance failures at Legal and General Investment Management (LGIM), together with Mercer's view on the implications and LGIM's response to the allegations.

5. Existing commitment to infrastructure fund managed by Pantheon

To update Panel members on the change in fee rate payable on the £40 million commitment made by NCCPF in May 2018 to Pantheon's Global Infrastructure Fund III.

6. Border to Coast Pensions Partnership (BCPP) pooling arrangement

To update the Panel on progress made by BCPP Ltd to date, and the implications for NCCPF.

6.1 Update report attached as Appendix B1.

7. Assessment of newly forming academies

To provide information about the proposed rebrokerage of two academies within the NCC Pension Fund, namely Blyth Quays Trust and Haltwhistle Community Campus, which will both join WISE Academies, a multi-academy trust.

8. NCCPF potential allocation to cash

To consider a report from Mercer about a potential allocation to cash for NCCPF, which will be presented to the Panel at the meeting by Mercer.

9. NCCPF's overweight position in index linked gilts

To provide information about NCCPF's current overweight position in index linked gilts, and recommends that the Panel either takes action to reduce this overweight position, or changes the Fund's target asset allocation to maintain it.

10. Value of NCCPF's bond portfolio following the increase in bank rate

To provide information about the impact of the bank base rate interest rise, which was announced on 3 August 2018, on the value of NCCPF's holding of index linked gilts.

11. Transaction costs

To provide Panel members with information about the transaction costs incurred by the fund managers in the quarter to 30 June 2018.

12. Presentation at the meeting by Portfolio Evaluation

To provide information to the Panel about Portfolio Evaluation, the Fund's performance measurement service provider. Nick Kent of Portfolio Evaluation will attend this meeting to give a presentation on the Fund's annual returns for the year to 31 March 2018.

13. Mercer's ratings of NCCPF's investment managers

To provide Panel members with the (enclosed) Mercer's ratings of the Fund's investment managers.

8. MERCER'S REPORTS ON INVESTMENT MANAGERS AND POTENTIAL ALLOCATION TO CASH

To receive a report from Susan Greenwood (previously circulated).

9. PORTFOLIO EVALUATION

To receive a presentation from Nick Kent on NCCPF performance for the year to 31 March 2018.

10. REPORT OF THE SERVICE DIRECTOR - FINANCE

The Panel is invited to consider the following report, enclosed as Appendix B2:-

1. NCC Pension Fund's investment in private equity

To provide information about: the characteristics of private equity as an asset class; NCC Pension Fund's incumbent private equity fund of funds managers; and how future private equity commitments will be made by NCC Pension Fund.

11. PANTHEON

To receive a presentation from Alex Scott and Andy Bush

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

Name (please print):
Meeting:
Date:
Item to which your interest relates:
Nature of Registerable Personal Interest i.e. either disclosable pecuniary interest (as defined by Annex 2 to Code of Conduct or other interest (as defined by Annex 3 to Code of Conduct) (please give details):
Nature of Non-registerable Personal Interest (please give details):
Are you intending to withdraw from the meeting?

1. Registerable Personal Interests – You may have a Registerable Personal Interest if the issue being discussed in the meeting:

- a) relates to any Disclosable Pecuniary Interest (as defined by Annex 1 to the Code of Conduct); or
- b) any other interest (as defined by Annex 2 to the Code of Conduct)

The following interests are Disclosable Pecuniary Interests if they are an interest of either you or your spouse or civil partner:

(1) Employment, Office, Companies, Profession or vocation; (2) Sponsorship; (3) Contracts with the Council; (4) Land in the County; (5) Licences in the County; (6) Corporate Tenancies with the Council; or (7) Securities - interests in Companies trading with the Council.

The following are other Registerable Personal Interests:

(1) any body of which you are a member (or in a position of general control or management) to which you are appointed or nominated by the Council; (2) any body which (i) exercises functions of a public nature or (ii) has charitable purposes or (iii) one of whose principal purpose includes the influence of public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management); or (3) any person from whom you have received within the previous three years a gift or hospitality with an estimated value of more than £50 which is attributable to your position as an elected or co-opted member of the Council.

2. Non-registerable personal interests - You may have a non-registerable personal interest when you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are, or ought reasonably to be, aware that a decision in relation to an item of business which is to be transacted might reasonably be regarded as affecting your well being or financial position, or the well being or financial position of a person described below to a greater extent than most inhabitants of the area affected by the decision.

The persons referred to above are: (a) a member of your family; (b) any person with whom you have a close association; or (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or company of which they are a director or shareholder.

3. Non-participation in Council Business

When you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are aware that the criteria set out below are satisfied in relation to any matter to be considered, or being considered at that meeting, you must : (a) Declare that fact to the meeting; (b) Not participate (or further participate) in any discussion of the matter at the meeting; (c) Not participate in any vote (or further vote) taken on the matter at the meeting; and (d) Leave the room whilst the matter is being discussed.

The criteria for the purposes of the above paragraph are that: (a) You have a registerable or non-registerable personal interest in the matter which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice your judgement of the public interest; **and either** (b) the matter will affect the financial position of yourself or one of the persons or bodies referred to above or in any of your register entries; **or** (c) the matter concerns a request for any permission, licence, consent or registration sought by yourself or any of the persons referred to above or in any of your register entries.

This guidance is not a complete statement of the rules on declaration of interests which are contained in the Members' Code of Conduct. If in any doubt, please consult the Monitoring Officer or relevant Democratic Services Officer before the meeting.