

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 10 September 2018**

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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 26 July 2018.

Recommendation: The Panel is requested to consider 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 26 July 2018

1. Recommendation from the Board

1.1 Under Item 4C, the Board notes the positive reviews by the Panel of the performance of the Investment Adviser, including their willingness to bring fresh ideas regarding strategic or tactical options. The Board also notes that, in so advising, in some cases the Investment Adviser could be earning additional fees should the Panel be minded to follow the suggestions put forward. The Board recognises that this issue is not unique to Northumberland nor to its Investment Advisor.

The Board recommends that representatives of the Panel and officers consider whether on occasions, from a governance perspective, there is a need for either separate independent advice and/ or some form of declaration of interests and transparency, subject to commercial confidentiality.

1.2 Under item 17, the Board made **recommendations for officers** of TWPF regarding the wording on the Annual Benefit Statements for deferred members.

2. Assurances Gained by the Board

2.1 General Data Protection Regulations 2016 (item 4A). The Board gained assurances from the 'post-live' action plan had also been put in place by TWPF, following implementation, to pick up any residual issues e.g. specifically tailored (children's) privacy notices, as well as ongoing potential issues that could evolve with time. On a local level, the appropriate assurances were gained regarding the data storage facilities at Woodhorn. A regular GDPR update would be included as a standing agenda item at all future Board meetings, with a formal review to be undertaken annually, beginning in May 2019.

2.2. Breaches of the law (item 5). The Board reviewed the latest position on the recorded breaches up to the end of December 2017, which represented the final set prior to the move to shared services. The Board gained assurances from the fact that they had mostly been resolved and indicated no real on-going areas of concern. The Board considered the issue of outstanding cases which the administration team could not progress as it continued to await information from the scheme members, their employer or a third party. The Board concluded that, in principle, the mere fact that such recorded breaches remained unresolved for a prolonged period did not in itself render them materially significant to tPR and therefore reportable. However, should a significant number of scheme members be affected, say through a lack of information from a particular employer, a full assessment would take place, which, potentially, could result in a decision to report the breach.

2.3 Relationships and performance under Shared Administration Services: the Board continues to be assisted in its monitoring role by the attendance at NCC Board meetings of a senior member of the TWPF administration team. This on going arrangement 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.

2.4 Progress on specific tasks for completion in 2018/2019: the Board continued to probe progress on three tasks due for completion during 2018, covering the Annual Benefit Statements (ABSs), the requirement to submit the Scheme Annual Return to TPR and the Guaranteed Minimum Pension (GMP) reconciliation and rectification (item 15). Similarly the Board considered the emerging scale of present/absent/present/accurate/ inaccurate common and scheme specific data scores ahead of the Scheme Annual Return and the implementation of the data improvement plan. The Board was satisfied that the gaps were being targeted relative to their priority. The Board gained the appropriate assurances.

2.5 Under item 16, the Board gained the appropriate assurances after considering the internal controls operating in Northumberland regarding the return to the Fund's actuary of accurate investment performance information. This follows a failure at another LGPS Fund.

3. Other Information

3.1 Under Item 4C, the Board continues to express its concern that some individual Board members are operating to the best of their ability without any protection by way of an insurance policy or indemnity. Officers continue to explore the situation, and a paper is programmed to be received by the Board at its November meeting, with a view to finally resolving the situation to the Board's satisfaction. This is a common area of difficulty for a number of Pension Boards, with different conclusions and outcomes reached, and, in many cases, the issue remains outstanding.

3.2 As more experience of the shared service is gained, it is recognised that, potentially, the same service monitoring and performance reports could be scrutinised by the Boards of both NCC and TWPF. Officers will consider whether there is scope to have some commonality of agenda items, or of reports, or any scope to avoid duplication, or, potentially, for joint working between the Boards.

Gerard Moore

Independent Chair: Northumberland LGPS Pensions Board