

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND  
Pension Fund Panel Meeting 6 December 2019**

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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 the Board's observations on issues referred from the Panel and to consider any recommendations and assurances gained by the Northumberland Local Pension Board, and any other relevant information, emanating from the meeting of the Board on 18 October 2019.

**Recommendation:** The Panel is requested to note the feedback on items referred by the Panel to the Board (paragraph 1), to note the recommendation in paragraph 2, to note the five assurances gained by the Board in paragraph 3, and to note the points of interest set out in paragraph 4.

**Outcomes from Pension Board Meeting on 18 October 2019**

**1. Items referred by the Panel at its meeting on 20 September 2019**

- 1.1.** Recording breaches and data: Report A7 of 20 September 2019 Panel meeting papers and Appendix 6 and "NCCPF process details" enclosure

This was considered together with a related item on NCCPF's administration process performance and trends in 2019

The Board noted some temporary underperformances and probed issues around delays in payment of refunds, which were mainly due to the priority work around the Triennial Valuation and death benefits. However, no complaints had been received and assurances were given that the imminent appointment of a new officer would restore appropriate performance standards. Employer performance was monitored on a regular basis. At the present time, there were no poorly performing employers to note. NCC's Payroll Team was now taking full responsibility for the provision of employer payroll data and had a full understanding of its responsibilities. The electronic submission of information had been of assistance to improve performance as data was validated at source.

The Board **agreed** that the breach in Appendix 6 (the late receipt of contributions) was not of material significance and not reportable. The Board requested notification by email if there were any areas of concern regarding employer performance prior to the next meeting of the Board.

**1.2 Action Plan 2019: Report B7 of 20 September 2019 Panel meeting papers**

The Board considered the Action Plan 2019 which had been approved under delegation by the Chair and Vice-Chair of the Pension Fund Panel following the meeting on 20 September 2019. It was noted that the NCCPF investment strategy was to be kept under regular review during the merger implementation period. The Board considered the impact and associated risks of a possible delay to the target implementation date of 1 April 2020, which could result in retrospective legislation from MHCLG.

**1.3. NCCPF Risk Register (Report B8 of 20 September 2019 Panel meeting papers and “NCCPF Risk Register” enclosure)**

Additional information was circulated at the meeting specifically with regard to potential risks around the proposed merger with TWPF, outlining the impact of the risks, the controls that were in place including the timetable, strategies, communication and actions plans which would be overseen by the Panel and Board.

Specific assurances were received regarding revised post-merger arrangements for the assessment of covenant risk of NCC’s academies at inception.

The Chair subsequently met, as scheduled, NCC’s Interim Section 151 Officer for an annual review, and gained further assurances regarding the high level strategy and process regarding risks identified in the Risk Register.

**2. Recommendation made by the Board**

- 2.1 The Chair referred to the impending appointment of NCC’s new Section 151 Officer, and requested that officers identify any training requirements of the new post holder, once in post, to allow the Fund to continue being MiFID II compliant.

**3. Other Assurances Gained by the Board**

- 3.1. The Board gained assurance on the appropriateness of staffing levels at TWPF, particularly around the management of key person risk, and noted that the former Northumberland pensions administration staff had been fully integrated within the team following the transition to a shared service. However, there were currently no officers studying for a qualification due to the difficulty in identifying an appropriate and relevant pensions administration qualification.

- 3.2 The Board received a summary of the position with regard to ABS issued by the deadline of 31 August 2019, indicating that 100% had been issued to deferred members and 99.29% for active members. Information was incomplete for the remaining 62 members but would continue to be chased and statements issued as soon as possible. The Board would receive timely updates on progress on those outstanding. These represent recorded breaches, and

further consideration will be given at the next Panel and Board as to whether or not they were of material significance to the Pension Regulator's (tPR) and therefore reportable.

- 3.3 The Board received similar assurances that Pension Saving Statements had been issued to all relevant members on 30 September 2019, prior to the statutory deadline of 6 October.
- 3.4 The Board received assurances that a review had taken place by South Tyneside Council (STC) of a recent Ombudsman case whereby a LGPS Fund had been instructed to re-instate benefits for a scheme member whose benefits had been transferred out to a scheme which had proved to be a scam. The findings of the case had been reviewed by TWPF's Legal Team, which determined that TWPF's processes were sufficiently robust to prevent a similar occurrence at STC Administration.
- 3.5 Board members in attendance had gained a number of assurances at the Aon training session in Edinburgh regarding:
  - the process followed by NCCPF in carrying out the 2019 valuation;
  - the prudent approach adopted by the decision makers; and
  - Aon's initial assessment of NCCPF's data quality.

At the next meeting of the Board, further training will be given by the Chair to all Board members on a role for Boards regarding the Triennial Valuation, following which the Board will seek further assurances.

#### **4. Other Information**

- 4.1. At its next meeting, the Board will critically examine the recommendations included in the Cohort Review of tPR's visits to the ten LGPS Funds.
- 4.2 The Chair and officers will undertake a review prior to the next Board meeting to assess NCCPF's compliance against the six identified measures reflected in tPR's 2018 survey.
- 4.3 Following a short training presentation, it was agreed that further work and training should be undertaken with regard to cyber security and reference was made to the proposal for a training session with IT officers from STC.

Gerard Moore

Independent Chair: Northumberland LGPS Pensions Board