

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 28 February 2020**

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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 13 December 2019.

Recommendation: The Panel is requested to note the feedback on items referred by the Panel to the Board (paragraph 1), including the recommendation in paragraph 1.2, to note the five assurances gained by the Board in paragraph 2, and to note the points of interest set out in paragraph 3.

Outcomes from Pension Board Meeting on 13 December 2019

1. Items expected to be referred to the Board in the 6 December 2019 Panel papers

- 1.1 Recording breaches and data: Report A11 and Appendix 9 of 6 December 2019 Panel papers re South Tyneside Council's administration process details and snapshot of breaches.

Prior to discussing the detailed papers, as a refresher training session, the Board studied and discussed the Hymans Robertson 60 Second Guide to what constitutes a breach.

The Board was advised of how the workload was prioritised at periods of heavy demand. The Board was also advised of the monitoring and escalation processes undertaken the South Tyneside Council (STC) for outstanding breaches. In probing some specific recorded breaches, the Board was given **assurances** that the current outstanding issues would be resolved by the next Board meeting in March 2020. It was **agreed** that age profiling of the snapshot breaches information would be provided at the next Board meeting to enable Board members to identify any long standing issues. Should resolution of any breaches be delayed by a lack of response from scheme employers, the Board offered its help and support to bring them to a conclusion.

1.2 Recorded breaches: Annual Benefit Statements (ABSs)

The Board was further updated with progress on the 62 ABSs that had not been issued to members by the statutory 31 August 2019 deadline. Since that deadline 48 cases had been resolved, leaving 14 unresolved at the time the report was produced. Some were known to have been progressed since then. The Board requested an update of four particular queries, and **recommended** that the status of the breach (reportable, or, as at present, merely recordable) be reviewed once this further information had been received. A verbal update may be available for the Panel.

1.3. NCCPF Risk Register

The Board reviewed tPR's Regulatory Intervention Report on the internal control failures at the London Borough of Barnet Pension Fund (LBBPF) and concluded that the weaknesses exposed in tPR's report on LBBPF were being effectively managed at NCC. No changes to the Risk Register were required.

The Board also reviewed NCCPF's response to each of the 46 recommendations made by tPR as part of its 2019/20 Cohort Review of the LGPS. Whilst it was agreed that NCCPF complied with all of the Regulator's recommendations, a number of additions to NCCPF's responses were requested, including the addition of a column for further actions, where necessary.

1.4 MiFID 11 Compliance

The criteria for MiFID II had been checked for compliance and indicated that there were no changes required.

2. Other Assurances Gained by the Board

- 2.1. Following his annual discussion with Northumberland's Section 151 Officer, the Chair outlined the **assurances** he had received, regarding the appropriate resourcing of the NCC Pensions Team through the merger process until the 2019/20 annual accounts process was complete; and around the presence of the internal audit function on NCC's Risk Management Group.
- 2.2 The Board noted that the NCCPF Annual Report and Accounts 2018/19 had been published before the 1 December 2019 deadline, and therefore the Council had complied with the statutory requirement within the LGPS Regulations.
- 2.3 The Board gained **assurances** that the 2019 Pensions Regulator Scheme Annual Return had been completed before the statutory deadline. Similarly, the voluntary Annual Survey had been compiled and submitted after a detailed discussion with the Board Chair and approved by the Chair and Vice-Chair of the Pension Fund Panel. A number of suggestions for improvements to the survey were submitted.

- 2.4 The Board received a copy of tPR's 'Cyber security principles for pension schemes', together with a summary presentation. It was noted that cyber security was an area of increasing focus for tPR. STC Administration's review of the tPR report had not flagged any areas of concern. Subsequently two Board members, including the Chair, attended a helpful and comprehensive joint training session with colleagues from the Tyne and Wear Pension Fund on cyber security. Senior IT officers from STC described the checks and protections in place to prevent and repel cyber attacks and to safeguard data, and indicated the fall back procedures in place in the event of a system failure. The Board members present gained **assurances** from this additional awareness.
- 2.5 When discussing the risk to NCCPF posed by the (yet to be determined) McCloud remedy, the Board was informed that the Actuary was fully aware and had taken the risk into account at a Fund level in setting the employer contributions at the 2019 valuation.

3. Other Information

- 3.1 The Board was advised that, once a solution to the McCloud issue had been identified, the remedy would be labour intensive to administer, requiring historical data to be gathered from employers and (potentially) all individual member records to be checked, as well as recalculations of all pensions into payment since 1 April 2014. However, it was anticipated that a very small number of LGPS members would receive additional pension as a result of the McCloud remedy.
- 3.2 The Board has previously reported on assurances regarding the initial assumptions regarding quality of the data used in the Triennial Valuation 2019, the prudence of the assumptions and the avoidance of conflicts of interest in the decision making process. The Chair circulated a checklist of suggested roles and areas of involvement for the Board when evaluating the triennial valuation process. Board members noted that the final steps in the process would be taken at the February 2020 meeting of the Panel. Following this the Board will review the full process that had been followed.

Gerard Moore

Independent Chair: Northumberland LGPS Pensions Board