

**NORTHUMBERLAND COUNTY COUNCIL PENSION FUND
Pension Fund Panel Meeting 23 November 2018**

Action Plan 2018
approved at the 23 February 2018 Panel meeting

A Items to be considered/actioned by the Pension Fund Panel in 2018/19

Essential

- Work with other BCPP administering authorities to develop the relationship with Border to Coast Pensions Partnership (“BCPP Ltd”), as **owner** and **client**, via active involvement in BCPP Joint Committee and officer groups;
- Align Northumberland County Council Pension Fund (“the Fund”) policies and practices with proposed BCPP Ltd policies;
- Develop client relationship and monitoring of KPIs / breaches information from Tyne and Wear Pension Fund on the shared pensions administration service;
- Consider and develop the actions taken to implement the General Data Protection Regulation (effective from 25 May 2018) and mitigate cyber risk;
- Action items referred back to the Panel by the Local Pension Board;
- Review and (and if necessary) respond to GAD’s Section 13 Report on 2016 valuations.

Desirable

- Progress further potential joint working with Tyne and Wear Pension Fund, per the Panel decision on 27 January 2017;
- Collaborate with Tyne and Wear Pension Fund to review:
 - AVC arrangements; and
 - adequacy of insurance for shared administration service and functions remaining at NCC;
 - the Fund’s membership data quality;
- Review the Fund’s Policy on Conflicts of Interest;
- Sign up to the UK Stewardship Code;
- Review PIRC’s appointment;
- Review Legal and General’s Responsible Investment Policy;
- Review programme of future manager presentations;
- Develop SharePoint knowledge hub for Panel and Board members’ use (i.e. tPR’s Document Recording Policy);
- Progress GMP reconciliation work;
- Consider introducing a statement of investment beliefs for the Fund;
- Update the Fund’s risk register;
- Respond to MHCLG and other relevant consultations;
- Respond to consultations and review guidance from the LGPS Advisory Board (including deficit management, academies, cost transparency, tier-three employers, ESG/RI, operation of Boards and the cost control mechanism);
- Review currency hedging impact;
- Consider opportunities to invest in infrastructure in collaboration with BCPP administering authorities;
- Consider the implications of IORP II on risk management, governance and disclosure requirements for the LGPS.

B Reviews to be undertaken by the Panel in 2018/19 and beyond

Quarterly reviews The Panel will review each quarter:

- value of the Fund and performance of each investment manager compared to the appropriate index (including Mercer's research information and ratings of the managers) and transactions costs;
- brief information about the manager(s) presenting at the meeting;
- estimated update on funding position (when available);
- pensions administration KPIs and record of breaches;
- Tyne and Wear Pension Fund's regulatory report;
- outcomes and recommendations of the Board;
- progress against Action Plan.

Annual reviews The Panel will review at least annually:

- Action Plan;
- compliance checklist against tPR's code of practice;
- Investment Strategy Statement (ISS);
- decisions made by the Panel itself and its adviser;
- fund managers' performance (annual review by performance measurement provider);
- Pension Fund accounts and audit plan/findings;
- Pension Fund Panel members', LGPS Local Pension Board members' and officers' training records, and results of Panel members' Training Needs Analysis;
- separate meeting to receive information from property, infrastructure or private equity managers;
- Fund risk register;
- fund managers' and custodian's ISAE 3402 internal controls reports.

Two yearly reviews The Panel will review every two years:

- programme for future manager visits.

Triennial reviews The Panel will review triennially or more often if required:

- NCC's Funding Strategy Statement (FSS);
- participating employers' covenant strengths;
- results of the actuarial valuation, including a separate meeting with the Fund actuary to set risk;
- GAD's S13 Report;
- ALM strategy review;
- Training Policy;
- Breaches Procedure;
- Conflicts of Interest Policy.

Periodic reviews The Panel will review periodically (when necessary):

- Governance Policy and Compliance Statement;
- Statement of Policy Concerning Communication;
- Administration Strategy;
- appointments of the fund managers, custodian and other service providers;

- Administering Authority Discretions Policy;
- financial strength of the AVC provider.

C Quarterly meetings – agenda items: usual pattern

February quarterly meeting

- adviser score sheet for completion by Pension Fund Panel members;
- annual assessment of the performance of the Panel as a decision making body;
- review/update ISS;
- review/update Action Plan;
- EY's annual audit planning report for the previous year to 31 March;
- update training records.

June or July quarterly meeting (held in July in NCC election year, otherwise June)

- Pension Fund Panel members' and officers' membership of the LGPS;
- feedback from review of investment adviser for the previous year to 31 March;
- draft financial statements for the previous year to 31 March.

September quarterly meeting

- EY's annual audit results report for the previous year to 31 March;
- Fund risk register;
- compliance checklist against tPR's code of practice;
- annual performance review (by Portfolio Evaluation).

November quarterly meeting

- internal control reports for all investment managers and custodian;
- MHCLG statistical release for prior year;
- annual training needs analysis for Board and Panel members;
- review MiFID II documentation and status.

D Past reviews carried out by the Panel

| Service reviewed | Date of appointment /review | Appointed |
|--|------------------------------------|---|
| Property managers | September 2001 | Schroder BlackRock |
| M&G (active global equity manager) | October 2015 | Baillie Gifford appointment deferred |
| Assets "parked" with Legal and General | September to December 2016 | Legal and General |
| Active bond fund manager | March 2011 | Wellington |

APPENDIX 10
(continued)

| | | |
|---|--|--|
| Passive fund manager Fee reviews took place in November 2015 and March 2016 | September 2001 | Legal and General (current fees applicable from 1 April 2016) |
| <i>Private equity fund of funds</i> | | |
| Private Markets III | January 2006 | Morgan Stanley |
| Global Distressed Opportunities | December 2006 | Morgan Stanley |
| NB Crossroads XVIII | January 2007 | NB Alternatives |
| Private Markets IV | December 2007 | Morgan Stanley |
| NB Crossroads XX | June 2014 | NB Alternatives |
| Pantheon Global Select 2017 | April 2017 | Pantheon |
| <i>Infrastructure managers</i> | | |
| GIP II | May 2012 | Global Infrastructure Partners |
| Antin Fund II | September 2013 | Antin Infrastructure Partners |
| Custodian | September 2001 Reviewed in 2006, then 2010 Revised fee in 2013 | Northern Trust Company |
| AVC provider | March 2001 Reviewed in 2005 Reviewed in 2009 | Prudential |
| Whole Fund structure | October 2009 October 2014 October 2016 | N/A |
| Panel adviser | March 2009 | Mercer |
| Actuary | October 2000 July 2012 | Aon |
| Share voting advice | April 2004 | PIRC |
| Shareholder engagement | April 2017 | LAPFF |
| Performance measurement provider | August 2016 | Portfolio Evaluation |
| Currency hedging of 50% of holdings in Legal and General's passively managed funds: | | Legal and General |
| - FTSE North America Index Fund | April 2017 (\$1.50 to £ limit) | |
| - FTSE Developed Europe (ex UK) Index Fund | May 2017 (€1.25 to £ limit) | |
| Shared administration service | January 2018 (for 12 year term plus 3s) | Tyne and Wear Pension Fund |