

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

---

Dear LGPS Colleague – The Scheme Advisory Board is keen to improve communication of the work it is undertaking on your behalf. Although the Board’s website at [www.lgpsboard.org](http://www.lgpsboard.org) can be helpful in this respect, the Board has now agreed that a bullet point summary of each Board meeting should be sent to scheme stakeholders as soon as possible after each meeting. A more detailed summary will be available on the Board’s website in the “Board Publications” section.

This email covers the main points of the Board meeting held on the 10<sup>th</sup> October 2018.

**SAB Cost Cap**

- Statement made by the Chief Secretary on the 6<sup>th</sup> September
- HM Treasury 2% floor breached in most cases
- Improvements in employee benefits
- Increase in employer contributions from change in SCAPE discount rate
- But SAB has its own cost cap arrangement
- SAB process will progress to completion before HM Treasury’s process
- Total cost of the scheme under the SAB process is 19% against a target cost of 19.5%
- A SAB working group has been established to agree a package to bring costs back to 19.5%
- The working group will report back to an extraordinary Board meeting within the next few weeks
- Any regulatory changes must be on the statute book by the 1<sup>st</sup> April 2019
- Discussions are underway to move local valuations to a quadrennial timeframe
- This will not impact on the forthcoming 2019 valuation

**Academies Project**

- The Board agreed that the administration working groups work on agreeing a standard monthly data extract should continue to completion
- Further work will also be undertaken on training and improving communication within the academy sector
- The future programme of the funding working group is to be the subject of discussion with DfE and MHCLG

**Third Tier Employers’ Project**

- Aon’s report was published on the 24<sup>th</sup> September
- A working group from the Board will evaluate the various options included in the report and report back to the Board

**Separation Project**

- Three bids received to undertake the project
- Board members invited to comment on the bids
- SAB Chair and Vice-Chair given delegated authority to make final decision

**Code of Transparency – Compliance System**

- 91 Signatories have signed up to the code covering £180bn of scheme assets
- OJEU contract notice has been published for the procurement of a code compliance utility

**Responsible Investment**

- The Board agreed that the guidance on Responsible Investment should include reference to the government’s latest position on ESG and, in particular, climate risk.
- The Board was advised that ShareAction may be approaching LGPS funds to discuss their approach to ESG policies.

**Pensions Regulator**

- Further to concerns raised by a number of funds, the Board agreed that the Chair should write to the Pensions Regulator about their activities and approaches in dealing with the scheme.

**STOP PRESS**

1. The 2017/18 SF3 return data was published by MHCLG on the 17<sup>th</sup> October. See <https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2017-to-2018>
2. The Pensions Regulator has advised the Board's Chair that the annual Governance and Administration survey will be issued to fund authorities on the 5 November with completion requested by the end of the month. A preliminary note from the Pensions Regulator will be sent to funds beforehand.

**BOB HOLLOWAY**

Pensions Secretary  
Scheme Advisory Board  
19 October 2018

Robert.holloway@local.gov.uk