

# NORTHUMBERLAND

Northumberland County Council

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Our Ref: LP  
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Date: 16 February 2017

Dear Sir or Madam,

Your attendance is requested at a meeting of the **PENSION FUND PANEL** to be held in Committee Room 1, County Hall, Morpeth on **Friday, 24 February 2017** at **9.30 a.m.**

Yours faithfully,

*Steven P Mason*

Chief Executive

**To the members of the Pension Fund Panel**

Steven Mason – Chief Executive

County Hall, Morpeth, Northumberland, NE61 2EF

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## **AGENDA**

### **PART I**

It is expected that the matters included in this part of the agenda will be dealt with in public.

#### **1. APOLOGIES FOR ABSENCE**

#### **2. MINUTES**

(a) Minutes of the meeting of the Pension Fund Panel, held on Friday, 28 October 2016, as circulated, to be confirmed as a true record, and signed by the Chairman.

(b) Minutes of the meeting of the Pension Fund Panel, held on Friday, 25 November 2016, as circulated, to be confirmed as a true record, and signed by the Chairman.

(c) Minutes of the meeting of the Pension Fund Panel, held on Friday, 27 January 2017, as circulated, to be confirmed as a true record, and signed by the Chairman.

(d) Minutes of the LGPS Local Pension Board, held on Thursday, 3 November 2016, as circulated, *to be received for information*.

#### **3. DISCLOSURES OF INTEREST**

Unless already entered in the Council's Register of Members' interests, members are required to disclose any personal interest, (which includes any disclosable pecuniary interest), they may have in any of the items included on the agenda for the meeting in accordance with the Code of Conduct adopted by the Council on 4 July 2012, and are reminded that if they have any personal interests of a prejudicial nature (as defined under paragraph 17 of the Code of Conduct) they must not participate in any discussion or vote on the matter and must leave the room.

**N.B.** Any member needing clarification must contact the Legal Services Manager, Liam Henry, on telephone 01670 623324. Please refer to the guidance on disclosures at the rear of this agenda letter.

#### **4. REPORTS OF THE CHIEF EXECUTIVE**

The Panel is invited to consider the following reports, enclosed as Appendix A:-

**(1) Investment Strategy Statement**

The report seeks Panel's approval of NCC's first LGPS Investment Strategy Statement.

**(2) Legal and General's Corporate Governance and Responsible Investment Policy**

The Panel is requested to approve the continued endorsement of Legal and General's Corporate Governance and Responsible Investment Policy.

**(3) Local Authority Pension Fund Forum (LAPFF) 2017/18 draft work plan**

To receive information about the 2017/18 LAPFF draft work plan.

**(4) Reporting breaches: progress and quarterly monitoring report**

The report provides information about breaches of the law which have occurred in the quarter to 31 December 2016.

**(5) Centre for Policy Studies' Report: The LGPS: A Lost Decade**

The report provides information about the Centre for Policy Studies' Report "*The LGPS: A Lost Decade*", published in February 2017, in which the author, Michael Johnson, a seasoned critic of the LGPS, calls for a dramatic simplification of the LGPS.

**(6) Formal measurement of the performance of the investment adviser**

To inform Panel members of the requirement to formally assess the performance of the Pension Fund Panel investment adviser, and to enclose a "scorecard" for use in this process for the year to 31 March 2017.

**(7) Formal assessment of the effectiveness of the Pension Fund Panel**

To inform Panel members of the requirement to formally assess the effectiveness of the Pension Fund Panel as a decision making body, and to seek approval for the drafted formal assessment attached to the report.

**(8) Forthcoming training for Pension Fund Panel members**

To provide information about a forthcoming training event for Panel members.

**(9) Northumberland County Council Funding Strategy Statement**

The Panel is requested to approve the NCC's updated Funding Strategy Statement (FSS).

**(10) AAF 01/06 reports on internal controls operated by fund managers and the custodian**

To provide information to the Panel about the most recently available AAF 01/06 (or equivalent) reports provided by Northumberland County Council Pension Fund's custodian and its investment managers .

**(11) Key Performance Indicators (KPIs) for the Pensions Administration Team**

To provide information about the KPIs in the quarter to 31 December 2016.

**(12) Fund Performance and Total Fund Value**

To provide information to the Panel about the Fund performance in the quarter to 30 September 2016 and the total Fund value at that date.

**5. URGENT BUSINESS (IF ANY)**

To consider such other business as, in the opinion of the Chairman, should, by reason of special circumstances, be considered as a matter of urgency.

**PART II**

**It is expected that matters included in this part of the Agenda will be dealt with in private. Reports referred to are enclosed for members and officers only, coloured pink and marked "Not for Publication".**

**6. EXCLUSION OF PRESS AND PUBLIC**

Members of the Pension Fund Panel are invited to consider passing the following resolution:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the Agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

**Agenda Items      Paragraph of Part I of Schedule 12A**

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Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

**AND**

The public interest in seeking this exemption outweighs the public interest in disclosure because;-

- (i) it contains information that, if in the public domain, could affect the preferential rates the Fund is charged;
- (ii) because the information would not be provided at future meetings if it were considered in public; and
- (iii) because the industry standard is to keep this information confidential.

**7. MINUTES**

Confidential Minutes of the meeting of the Pension Fund Panel, held on Friday, 27 January 2017, as circulated, to be confirmed as a true record, and signed by the Chairman.

**8. REPORTS OF THE CHIEF EXECUTIVE**

The Panel is invited to consider the following reports, enclosed as Appendix B:-

**(1) Actuarial valuation as at 31 March 2016**

To receive information about the 31 March 2016 actuarial valuation of NCC Pension Fund, which is due to finalise by 31 March 2017.

**(2) Mercer's papers on currency hedging**

To provide information about the enclosed Mercer papers: "*Currency Hedging*" and "*2017 Themes and Opportunities*" to be discussed at the meeting.

**(3) LGPS Pooling**

To receive an update on progress by the Border to Coast Pensions Partnership (BCPP) collaboration of funds as the participating funds begin work to establish the BCPP Pool entity.

**(4) Aon Hewitt's report on potential joint working with Tyne and Wear Pension Fund**

To provide information about potential joint working with Tyne and Wear Pension Fund.

**(5) Transaction Costs**

To provide information about the transaction costs incurred by the fund managers in the quarter to 31 December 2016.

**(6) Mercer's ratings of NCC Pension Fund's investment managers**

To provide Panel members with Mercer's ratings of all of the Fund's investment managers.

**9. MERCER'S REPORTS ON**

- **NCCPF INVESTMENT MANAGERS;**
- **CURRENCY HEDGING AND**
- **2017 THEMES AND OPPORTUNITIES.**

To receive reports from Joanne Holden from Mercer.

**IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:**

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

<b>Name (please print):</b>
<b>Meeting:</b>
<b>Date:</b>
<b>Item to which your interest relates:</b>
<b>Nature of Registerable Personal Interest i.e either disclosable pecuniary interest (as defined by Annex 2 to Code of Conduct or other interest (as defined by Annex 3 to Code of Conduct) (please give details):</b>
<b>Nature of Non-registerable Personal Interest (please give details):</b>
<b>Are you intending to withdraw from the meeting?</b>

**1. Registerable Personal Interests** – You may have a Registerable Personal Interest if the issue being discussed in the meeting:

a) relates to any Disclosable Pecuniary Interest (as defined by Annex 1 to the Code of Conduct);

or

b) any other interest (as defined by Annex 2 to the Code of Conduct)

The following interests are Disclosable Pecuniary Interests if they are an interest of either you or your spouse or civil partner:

(1) Employment, Office, Companies, Profession or vocation; (2) Sponsorship; (3) Contracts with the Council; (4) Land in the County; (5) Licences in the County; (6) Corporate Tenancies with the Council; or (7) Securities - interests in Companies trading with the Council.

The following are other Registerable Personal Interests:

(1) any body of which you are a member (or in a position of general control or management) to which you are appointed or nominated by the Council; (2) any body which (i) exercises functions of a public nature or (ii) has charitable purposes or (iii) one of whose principal purpose includes the influence of public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management ); or (3) any person from whom you have received within the previous three years a gift or hospitality with an estimated value of more than £50 which is attributable to your position as an elected or co-opted member of the Council.

**2. Non-registerable personal interests** - You may have a non-registerable personal interest when you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are, or ought reasonably to be, aware that a decision in relation to an item of business which is to be transacted might reasonably be regarded as affecting your wellbeing or financial position, or the wellbeing or financial position of a person described below to a greater extent than most inhabitants of the area affected by the decision.

The persons referred to above are: (a) a member of your family; (b) any person with whom you have a close association; or (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or company of which they are a director or shareholder.

### **3. Non-participation in Council Business**

When you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are aware that the criteria set out below are satisfied in relation to any matter to be considered, or being considered at that meeting, you must : (a) Declare that fact to the meeting; (b) Not participate (or further participate) in any discussion of the matter at the meeting; (c) Not participate in any vote (or further vote) taken on the matter at the meeting; and (d) Leave the room whilst the matter is being discussed.

The criteria for the purposes of the above paragraph are that: (a) You have a registerable or non-registerable personal interest in the matter which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice your judgement of the public interest; **and either** (b) the matter will affect the financial position of yourself or one of the persons or bodies referred to above or in any of your register entries; **or** (c) the matter concerns a request for any permission, licence, consent or registration sought by yourself or any of the persons referred to above or in any of your register entries.

**This guidance is not a complete statement of the rules on declaration of interests which are contained in the Members' Code of Conduct. If in any doubt, please consult the Monitoring officer or relevant Democratic Services Officer before the meeting.**