



Northumberland County Council

Your ref:

Our ref:

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Tel direct: (01670) 622617

Date: 14 February 2019

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, 22 February 2019** at **9.00 a.m.**

Yours faithfully,

Daljit Lally
Chief Executive

To members of the Pension Fund Panel



Daljit Lally, Chief Executive
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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, 23 November 2018, as circulated, to be confirmed as a true record, and signed by the Chair.
- (b) Minutes of the LGPS Local Pension Board, held on Monday, 10 December 2018, as circulated, to be received for information.

3. DISCLOSURE OF MEMBERS' INTERESTS

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 Conduct) they must not participate in any discussion or vote on the matter and must leave the room

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

4. REPORTS OF THE SERVICE DIRECTOR - FINANCE

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

1. External audit of Northumberland County Council Pension Fund 2018/2019 accounts – Audit Planning Report

To provide information about the external auditor's Planning Report for the 2018/2019 Northumberland County Council Pension Fund audit.

2. Northumberland County Council Pension Fund Annual Employers' Meeting

To provide information about the Northumberland County Council Pension Fund Annual Employers' Meeting held on 22 January 2019.

3. Investment Strategy Statement

To seek approval to update NCCPF's LGPS Investment Strategy Statement (ISS).

4. Governance Policy and Compliance Statement

To seek Panel approval to update NCCPF's LGPS Governance Policy and Compliance Statement.

5. NCCPF's updated Funding Strategy Statement

To provide a copy of the recently updated version of NCCPF's Funding Strategy Statement to the Panel, for information.

6. Revised Training Policy for NCC Pension Fund

To seek Panel approval to update NCCPF's Training Policy which applies to members of the Pension Fund Panel and the Local Pension Board, and key officers involved in administering the LGPS.

7. Training needs analysis

To provide information to the Panel about the results of the annual formal training needs analysis procedure.

8. Training records

To conduct an annual review of the training records of Pension Fund Panel and Local Pension Board members and key officers.

9. Outcomes of the December 2018 meeting of the NCC LGPS Local Pension Board

To provide information to the Panel about outcomes and proposals from the meeting of NCC's LGPS Local Pension Board held on 10 December 2018.

10. Progress made against NCCPF's Action Plan 2018

To monitor progress made in 2018/2019 against the NCCPF Action Plan 2018.

11. Reports on internal controls operated by fund managers and the custodian

To provide information to the Panel about the most recently available internal control reports provided by Northumberland County Council Pension Fund's custodian and its investment managers.

12. Review of MiFID II documentation and status

To confirm that there are no changes to NCCPF's circumstances which could affect the professional client status opt ups (under MiFID II) that have already been

confirmed to NCCPF by financial institutions.

13. 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 in the year to 31 March 2019.

14. 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 seek approval for the drafted formal assessment, attached as Appendix 14.

15. Recording breaches: progress and quarterly monitoring report

To provide information about breaches of the law which have occurred in and before the quarter to 31 December 2018.

16. Key Performance Indicators (KPIs) for LGPS administration

To provide information to the Panel about the Fund's KPIs in the quarter to 31 December 2018.

17. Tyne and Wear Pension Fund's quarterly regulatory report

To provide information to the Panel about Tyne and Wear Pension Fund's quarterly regulatory reports, which are provided to the Panel and to South Tyneside Council's Pensions Committee to keep members up to date with relevant LGPS regulatory changes.

18. Fund performance and total Fund value

To provide information about NCC Pension Fund's performance in the quarter to 31 December 2018 and the total Fund value at that date.

5. URGENT BUSINESS (IF ANY)

To consider such other business as, in the opinion of the Chair, 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

The Committee is 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 Item	Paragraph of Part I of Schedule 12A
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7-8	3 Information relating to the financial or business affairs of any particular person (including the Authority holding that information).
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AND The public interest in maintaining 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. REPORTS OF THE SERVICE DIRECTOR - FINANCE

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

1. Current estimated funding position for NCCPF

To present the latest quarterly update on the actuarial funding position for the NCC Pension Fund as a whole to Panel members.

2. Cost cap mechanism

To provide information about the LGPS cost cap mechanism, which had been due to be implemented from April 2019, but paused by Government at the end of January 2019.

3. Panel decision to allocate 5% of Fund value to cash

To provide an update on the Panel's decision to allocate 5% of Fund value to cash.

4. Potential further joint working between NCCPF with TWPF

To provide information about potential further joint working between NCCPF with Tyne and Wear Pension Fund (TWPF), for discussion at the meeting.

5. Draft MHCLG guidance on LGPS asset pooling

To provide information about the new draft guidance on pooling issued in January 2019, and seek a delegation to finalise a NCCPF response for submission before the closing date in March 2019.

6. Border to Coast Pensions Partnership (BCPP) pooling arrangement

To update the Panel on progress made by BCPP Ltd to date, and seek:

- an endorsement of BCPP Ltd's Responsible Investment Policy: and
- a delegation for NCCPF to make a commitment, if appropriate, to BCPP Ltd's private equity sub fund.

7. Progress made on migration balancing items

To update the Panel on the outcomes of investigations, undertaken late in 2018, to resolve and correct the migration balancing items of £2 or more per month.

8. Review of AVC provision for NCCPF

To provide information about ongoing work by Hymans Robertson to formally review NCCPF's current Additional Voluntary Contribution (AVC) provision.

9. 2019/2020 to 2021/2022 budget for shared administration service

To provide information about NCCPF's share of the budget for the shared service with Tyne and Wear Pension Fund (TWPF) for the next three years.

10. Wellington: changes to Multi Sector Credit fund benchmark

To update Panel members on the change to the benchmark, effective from 1 October 2018, for the investment in the Wellington Multi Sector Credit fund.

11. Northumberland College

To provide information about the LGPS implications of the proposed merger, on 1 March 2019, of Northumberland College and Sunderland College.

12. Age UK Northumberland

To provide information about Age UK Northumberland's planned exit from NCCPF on 31 March 2019.

13. Updating the risk register

To provide information to the Panel about the recently updated draft NCCPF risk register.

14. Transaction costs

To provide Panel members with information about the transaction costs incurred by the fund managers in the quarter to 31 December 2018.

15. Mercer's ratings of NCCPF's investment managers and currency hedging update

To provide Panel members with the Mercer's ratings of the Fund's investment managers and the currency hedging update.

8. MERCER'S REPORTS ON INVESTMENT MANAGERS AND CURRENCY HEDGING UPDATE

To receive a report from Susan Greenwood.

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.

Name (please print):
Meeting:
Date:
Item to which your interest relates:
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):
Nature of Non-registerable Personal Interest (please give details):
Are you intending to withdraw from the meeting?

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 well being or financial position, or the well being 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.