Dear Sir or Madam,

Your attendance is requested at Annual Meeting of the PENSION FUND PANEL to be held in the New Hartley Room, County Hall, Morpeth on Friday, 23 May 2014 at 9.30 a.m.

Yours faithfully,

Steven P Mason

Lead Executive Director – Corporate Resources

To the members of the Pension Fund Panel

(The membership of the Pension Fund Panel will be confirmed at the annual meeting of the County Council on 7 May 2014. Only those members appointed to the Panel at the County Council meeting are entitled to take part in the proceedings).
AGENDA

PART I

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

1. MEMBERSHIP AND TERMS OF REFERENCE

To report the membership and terms of reference of the Pension Fund Panel and to note the appointment of Councillors A. W. Reid and E. Simpson as Chairman and Vice-Chair respectively, as agreed at the annual meeting of the County Council held on 7 May 2014.

Functions:

To fulfil the administering authority functions contained within the LGPS regulations

Principal Duties:

- To deal with all matters relating to the investment of the Northumberland County Council’s Pension Fund;
- To consider and determine applications to be admitted to the Fund from qualifying community organisations;
- To consider and determine matters of administration appertaining to the Fund as a whole; and
- To appoint independent advisors to the Fund.

6 Members (3: 2: 1 (Voting)) Quorum - 2

<table>
<thead>
<tr>
<th>Labour</th>
<th>Conservative</th>
<th>Liberal Democrat</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.W. Reid</td>
<td>D. Bawn</td>
<td>A. Tebbutt</td>
<td></td>
</tr>
<tr>
<td>E. Simpson</td>
<td>J.G. Watson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mrs. V. Tyler</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition:

Observers (Non-voting) -

P. Harrison (Employers representative)
Ms. S. Dick (Employees/pensioner representative)

2 Trade Union Representatives
2. APOLOGIES FOR ABSENCE

3. MINUTES

Minutes of the meeting of the Pension Fund Panel, held on Friday 21 February 2014, as circulated, to be confirmed as a true record, and signed by the Chairman.

4. 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 Principal Lawyer for Governance, Liam Henry, on telephone 01670 623324. Please refer to the guidance on disclosures at the rear of this agenda letter.

5. REPORT OF THE LEAD EXECUTIVE DIRECTOR - CORPORATE RESOURCES

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

(1) External audit of Northumberland County Council Pension Fund 2013/14 accounts – Planning Report

To receive the external auditors’ Planning report for the 2013/14 Pension Fund audit and to receive a presentation from Deloitte.

(2) Disclosure of members’ interest in the Scheme at Pension Fund Panel meetings

To provide information about individual Panel members’ Local Government Pension Scheme membership.
(3) **Formal measurement of the performance of the investment adviser**

To inform Panel members of the results of the formal assessment of the performance of the Pension Fund Panel adviser, Mercer.

(4) **DCLG consultation – LGPS: Opportunities for collaboration, cost savings and efficiencies**

To be informed about the DCLG consultation “Opportunities for collaboration, cost savings and efficiencies”, launched on 1 May 2014, in response to the call for evidence on the future structure of the LGPS.

(5) **The Local Government Pension Scheme (LGPS) 2014**

To provide an update on the implementation of the new career average LGPS (“the PGPS 2014”), which came into effect for eligible active members with effect from 1 April 2014.

(6) **Recent communications with stakeholders of the Northumberland County Council Pension Fund**

To be informed of recent communications with stakeholders of the Pension Fund.

(7) **Advice on Fiduciary Duty with regard to Investment of LGPS funds**

To present the legal opinion of Mr Nigel Giffin QC on fiduciary duty with regard to investment of LGPS funds, together with comment on that opinion.

(8) **March 2014 Budget changes - Pension Reform**

To provide information about the pension reform changes announced at the 19 March 2014 Budget, and the implications for the LGPS.

(9) **Planned new governance arrangements in the LGPS**

To update members on the planned new governance arrangements in the LGPS, which must be in place by April 2015.

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

To provide information to the Panel about the Fund performance in the quarter to 31 March 2014 and the total Fund value at that date.
6. **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".

7. **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:

<table>
<thead>
<tr>
<th>Agenda Items</th>
<th>Paragraph of Part I of Schedule 12A</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-11</td>
<td>3</td>
</tr>
</tbody>
</table>

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.
8. REPORT OF THE LEAD EXECUTIVE DIRECTOR – CORPORATE RESOURCES

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

(1) Northumberland County Council Pension Fund actuarial valuation as at 31 March 2013

To present the final 31 March 2013 actuarial valuation report of the NCC Pension Fund to the Panel.

(2) Northumberland County Council Funding Strategy Statement

To present the final 2014 version of the NCC Funding Strategy Statement (FSS) to the Panel.

(3) Northumberland College

To inform members of developments following the February 2014 Panel meeting relating to Northumberland College, and its changed treatment in the Fund (moving from the subsumption group to orphan group) from 1 April 2014.

(4) Academies and the LGPS

To update the Panel on recent developments relating to academies in the LGPS.

(5) Community Action Northumberland (CAN)

To provide information about CAN’s exit from the NCC Pension Fund, and the outcome of negotiations with CAN to recover the outstanding LGPS exit deficit.

(6) Transaction Costs

To provide information about the transaction costs incurred by the fund managers in the quarter to 31 March 2014.

(7) Details of the Fund Managers Presenting to this Pension Fund Panel Meeting

To receive brief details of the fund managers who will give presentations at the meeting, together with Mercer’s ratings of all the Fund’s managers.
9. **MERCER’S REPORT ON NCCPF INVESTMENT MANAGERS**
   To receive a report from Joanne Holden and Ross Ingleby.

10. **PRESENTATION BY MORGAN STANLEY (Private Equity Fund of Funds)**
    To receive a presentation from Peter Escott, Prabhav Mehta and Nadia Seery.

11. **PRESENTATION BY BLACKROCK (Property Pooled Vehicle)**
    To receive a presentation from Chris Head and Becky Wyld.
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.

<table>
<thead>
<tr>
<th>Name (please print):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Meeting:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item to which your interest relates:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>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):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nature of Non-registerable Personal Interest (please give details):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Are you intending to withdraw from the meeting?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
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.