



**Northamptonshire
County Council**

Agenda Item No: X

Democratic Services
Room 144
County Hall
Northampton
NN1 1DN

Northamptonshire Local Government Pension Scheme

Local Pension Board

Minutes of the meeting held on 6 July 2015

Venue: The Blue Room, County Hall, Northampton

(Meeting held in public)

PRESENT:-

Paul Evans (Chairman)

Employers Side

Councillor Allan Matthews
Audra Statham

Employees Side

Penny Smith
Nina Thomas

Also in attendance (for all or part of the meeting)

Paul Hanson
Jenny Rendall
Joanne Walton
Mark Whitby

Democratic Services Manager (Rapporteur to the Board)
Democracy Officer (Democratic Services) (minutes)
LGSS Pensions Governance & Regulations Officer
LGSS Deputy Head of Pensions

There were no members of the public present.

The meeting commenced at 2.30pm with introductions from all those present.

01/15 Election of Chairman

Employee Representative, Paul Evans proposed himself as Chairman.
This was seconded by Audra Statham.
There were no further nominations.

RESOLVED that: Mr Paul Evans be elected as the Chairman of the Northamptonshire Local Pension Board.

02/15 Election of Vice-Chairman

Audra Statham nominated Penny Thomas as Vice-Chairman.
This was seconded by Paul Evans
There were no further nominations.

RESOLVED that: Ms Penny Thomas be elected as Vice-Chairman of the Northamptonshire Local Pension Board.

03/15 Apologies for non-attendance and Declarations of Interest

There were none.

04/15 Terms of Reference of the Northamptonshire Local Pension Board:

At the Chairman's invitation, Democratic Services Manager, Paul Hanson introduced this report (copies of which had been previously circulated) highlighting the following:

- In line with the requirements of all local authorities (LAs) to establish a Local Pension Board prior to 1 April 2015, a report had been submitted to Council on 19 March 2015 which set out the constitutional amendments required to establish the Board.
- Draft terms of reference had been drawn as a guide.
- Further details that would need to be addressed included reporting, the Code of Conduct and Conflicts Policy, role of advisors, procedure for dealing with urgent business, working groups and sub committees, the budget, public access to board meetings and information and the data controller.
- Appendix C to the report set out proposed terms of reference and standing orders of the Local Pension Board.
- Appendix A to the report detailed the constitutional changes that were agreed at Council in March 2015.
- Council established 2 Local Pension Boards, the first concerned with the Council's role as administering authority in respect of the Local Government Pension Scheme (LGPS) and the second with the Firefighter's Pensions Scheme.
- The term of appointment was for 4 years unless an event such as an election took place to preclude that term.
- Voting, frequency of meeting and quorum were covered by the Council's Constitutional amendments.
- Although the minimum requirement was for the Board to meet twice a year, 4 meetings a year were considered sufficient to meet the needs of the likely business of the Board. Any changes to this would need to be presented to Council.
- Quorum was 4 members including 1 from each of the 2 sides.
- The role and function of the Board was based on the regulations.
- The regulations included a requirement that members undertake training.
- Appendix B to the report included Part 4A of the Council's Constitution which was concerned with the process for meetings.
- Appendix C to the report set out in detail the requirements relating to managing Board meetings.

The Local Pension Board then discussed terms of reference and standing orders noting the following:

- Members could nominate substitutes to attend meetings in their place. Substitutes were usually sent to the Pensions Committee from a named pool of members who had undertaken relevant training. It was agreed substitutes would be removed from the terms of reference.
- Any changes to the terms of reference and standing orders would be presented to Council at its meeting to be held on 24 September 2015.
- The Chairman and Vice-Chairman of the Board would be elected at every annual meeting which would be the first meeting of the Board following the Council's AGM in May.
- Although there was an aim to have a Chairman and Vice-Chairman from 2 different constituent sectors of the Board, members felt this was not necessary as whilst they each had individual votes, they shared a common aim to achieve consensus. It was therefore agreed to remove standing order 2.1 from the terms of reference.
- It was felt the wording regarding minutes should explain the Chairman would review minutes but they would be approved by the Board at its next meeting.

- A third group of non-voting members on the Board had been suggested in earlier drafts of the regulations which had also stated councillors did not qualify as employer representatives. As councillors did qualify as employer representatives in the final regulations, this third group was possibly superfluous. The Board felt that as advisors could be admitted to the Board for a short period of time, the ability to have other members would be kept.
- The Shadow Advisory board had stated it considered it to be good practice for the Local Pension Board to consider publishing an annual report of its activities for the year. This could be through providing a short report for inclusion in the Fund's annual report. More frequent reporting would be undertaken via the sharing of minutes with the Pension Committee and Chief Financial Officer. The Pension Committee did not currently make a formal report to Full Council. Members felt the Pension Committee should be provided with the agenda and reports going to the Local Pension Board and vice versa in order to ensure both bodies were aware of their work. It was also noted expectations of the Board were that it would set a work programme, work to it and then report on progress against it and this could be sent to a body such as Council or Cabinet or the Pension Committee. Detailed suggestions on how the Fund should be managed could be made to the Pension Committee.
- It was noted some committees of Council provided annual reports on their work and there was therefore a mechanism by which the Local Pension Board could report on its work.
- Members of the Board agreed that the Local Pension Board and Pension Committee would share agendas and reports (noting it might not be appropriate to share confidential reports). They also agreed an annual report of the Local Pension Board's activities during the year would be made to the Pension Committee for inclusion in a wider report on the Pension Fund to be made to Full Council.
- Members of the fund were required to be conversant with the requirements of the Fund and much of the information was published on the Pensions website. Training could be provided to the Board in various ways and whilst there was no overall budget for training, funding was available to enable members to attend training. It was noted Pension Committee members regularly attended training activities. Members would discuss training needs at a future meeting.
- The Code of Conduct for Councillors would also apply to members of the Local Pension Board who would be asked to complete a declaration form relating to employment and any financial interests they might have. This would be held as a public record.
- The Knowledge and Understanding Policy and Conflicts of Interest Policy would be brought to the Board at a later date.
- Although there would not be a formal call-in procedure, the Local Pension Board did have greater powers than a scrutiny committee for making recommendations when it felt the Pension Committee had made poor decisions.
- Although the Council operated a rule that members should have attended a meeting in the last 6 months, this had not been tested in law. Missing meetings would have other complications for members particularly in terms of their knowledge and understanding and issues would always be discussed with members.
- External advisors would be provided when required.
- Urgent business would be defined as an urgent item that had arisen since the publication of the agenda which could not be deferred to the next meeting.
- It was felt the Board should be as open as possible. Should exempt items be discussed the meeting would resolve to enter into private session and members would be asked to leave the meeting.
- All Council meetings were held during the day.
- Board members could attend the meetings of the Pension Committee.

- As a small board it was not felt necessary to form working groups or sub-committees.
- The Fund currently had an agreement in place with Hymans Robertson and Mercers Ltd as well as an independent adviser for investment advice. All of these had been contracted following a procurement process. The same regular adviser to every meeting was an unlikely requirement of the Board. The regulations did provide for the contracting of advisors as and when required.
- Expenses covered under the scheme included mileage, parking and use of public transport.
- Agendas and reports would be distributed to members via e-mail. They would also be published on the Council's website. Private papers would be sent via a separate e-mail to members only marked as private and confidential and would not be published on the Council's website.
- An account for Local Pension Board members could be created and the Department's e-mail status could be upgraded for greater security.
- Decisions were reached by general consensus and noted as a resolution for each item. Votes were covered as part of the Council's Procedure Rules with a simple 1 vote per member with the Chairman having a casting vote in the event of a tie.

RESOLVED that: the Northamptonshire Local Pension Board approved the Terms of Reference and Standing Orders as noted in the Constitution of Northamptonshire County Council subject to the following amendments:

- **The removal of substitutes;**
- **The removal of the requirement to have a Chairman and Vice-Chairman from 2 different constituent parts of the membership;**
- **It would be made clear in the standing orders that minutes would be reviewed by the Chairman of the Board but approved by the Board at its next meeting;**
- **That the Local Pension Board and Pension Committee would share agendas and reports (noting it might not be appropriate to share confidential reports); and**
- **That an annual report of the Local Pension Board's activities during the year would be made to the Pension Committee for inclusion in a wider report on the Pension Fund that would be made to Full Council.**

05/15 Presentation on the Operation of the Northamptonshire Pension Fund

At the Chairman's invitation, Pensions Governance Officer, Joanne Walton provided a presentation on the operation of the Northamptonshire Pension Fund highlighting the following:

- In 2010 Lord Hutton undertook a review on public service pension schemes which led to a recommendation that public sector schemes required greater governance. This was perhaps reasonable in respect of those for the Fire, Police and NHS Schemes. LGPS however had always maintained strong governance.
- Because of strength of LGPS governance it was more complicated to install the new regulations.
- The Administering Authority had delegated functions in relation to the maintenance of the Fund to the Pension Committee and ISC.
- The Pension Committee's basic remit was to set pension fund objectives and determine and maintain appropriate statutory policies and procedures with ongoing monitoring arrangements. It met 4 times a year in addition to an AGM in July. All committee members had equal voting rights and access to training. It was a politically balanced committee consisting of 7 NCC councillors, 2 LA/Police/Fire representatives, 2 other employer representatives, 1 active member and 1 deferred

member. There were currently 2 vacancies from the LA/Police/Fire representation which would be recruited to.

- LGPS were the only funded public service pension scheme and the Northamptonshire Fund in 2013 included 181 employers. There were various different types of bodies within the Scheme and employers had varying lengths of time within the Fund.
- The Pension Committee determined the Fund's investment objectives, setting and reviewing long term high level investment strategies ensuring it was aligned with the Funds' liability profile.
- The Fund also received independent advice from Mercers Ltd and an independent adviser, Mark Stevens.
- The Administration and Communications Strategy was concerned with how funds were collected, calculating and paying benefits, how information was gathered and provided to scheme members and employers and determined methods of communication. It also determined how various discretions were operated. It had been reviewed the previous December.
- Key governance arrangements for the Fund were contained in the Governance Policy and Compliance Statement which had recently been reviewed and agreed.
- They were currently in the process of re-designing the Risk Register which would be approved by the Pension Committee later that year.
- The Admission Bodies, Scheme Employers and Bulk Transfers Policy was a large document which include all of the arrangements in place for the various employers within the Fund. It was an important document as it ensured employers did not leave the Fund with a huge deficit.
- Details of attendance at Committee and Board meetings as well as training events was published as part of the annual report for the Fund which forms the statement of accounts.
- The Pension Committee approved an annual and 3-year business plan at the beginning of each year. An update on progress was provided on a quarterly basis.
- The Investment Sub-Committee (ISC) met 4 times a year with all members having equal voting rights and the same training needs as the Pension Committee from which its membership was drawn.
- Functions of the ISC were to implement the investment strategy, review & maintain the detailed asset allocation within the agreed parameters, appoint/terminate/monitor performance of investment managers and external advisors, set benchmarks and targets for investment managers and monitor risks in relation to the funding level.
- The ISC also monitored and reviewed all legislative, financial and economical changes affecting investments, investment management fees, transaction costs and compliance with the UK Stewardship Code
- The Pensions Regulator's powers were extended to all LGPS Funds as of 1 April 2015 when they came into existence. The Pensions Regulator had issued many documents since this time.
- The Scheme Advisory Board also came into being as a result of Lord Hutton's report with an aim to encourage best practice and increase transparency across all LGPS. It was considered to be a useful body. They had co-ordinated technical and standards issues and issued valuable and helpful guidance. They also operated a really useful website.
- They had published details of their work for the year which would be e-mailed to members of the Board.
- In 2013/14 the Northamptonshire Fund consisted of approximately 50,000 of the 5million members in LGPS across the country. The Fund's total assets amounted to £1.6billion. Countrywide LGPS Funds had combined £192.1billion.

- The presentation would be e-mailed to members of the Board following the meeting, particularly as it included details of useful links.

In answer to queries on the presentation the following was confirmed:

- Not all Funds employed a separate independent adviser. Some larger schemes employed more than one. They were all fully qualified and had relevant experience in investments and pensions.
- There were bodies that the Pension Committee could not refuse admittance to the Fund. There are some types of body where the Committee could use discretion and the Admission Bodies, Scheme Employers and Bulk Transfers Policy set out how the Committee managed different types of bodies.
- Staff transferring to new employers through the Council's Next Generation Working Model would do so through Transfer of Undertakings (Protection of Earnings) (TUPE) arrangements.
- The figures relating to performance in comparison to other schemes in the country was slightly subjective as they were taken from a CIPFA benchmarking exercise in which only 49 of the 91 LGPS took part. This was an area the Board might wish to look at.

RESOLVED that: the Northamptonshire Local Pension Board noted the presentation on operation of the Northamptonshire Pension Fund.

06/15 Northamptonshire Local Pension Board – Knowledge & Understanding Policy Framework:

At the Chairman's invitation, Democratic Services Manager, Paul Hanson introduced this report (copies of which had been previously circulated) stating officers would use comments from the Board to create a plan for approval by the Board. It was important to acknowledge the access members of the Board had to officers who would signpost or provide knowledge both from the Democratic Services and Pensions Teams. The requirement to have a working knowledge of the Fund's policies would be reflected in the Policy. Bitesize training could also be provided on these at Board meetings.

The Board discussed the report noting the following:

- The Chairman and Vice-Chairman would be consulting during the drafting of the Policy Framework.
- There was a need to be realistic about the amount of training that could be undertaken and officers could prioritise areas for training.
- Training could also be provided based on the upcoming work for the Pension Committee and ISC. This could also include refresher training.
- The Board could potentially review the investment strategy for the current year as well as the review coming up in relation to the following year. Reviewing if the current year's implementations had been fit for purpose and successful could also feed into the following year's investment strategy and assist in developing the critical friend relationship between the Board and Pension Committee.
- The Valuation was set for 3 years and could be updated with requisite approvals if required. The Investment Strategy could also be reviewed and updated.
- The Pension Committee Work Programme could be provided to the Board so they could see what policy documents were being reviewed and undertake any training required to assist them to feed into the process.
- An ongoing training and training needs analysis would be undertaken for the Board just as it was for the Pension Committee. This would also assist in creating the personal training development plan for members of the Board.

- All learning programmes would be flexible and learning programmes would be tailored to deliver the appropriate level of detail to ensure Board members have the required level of knowledge and understanding.
- The Pensions Regulator website included learning modules for the public and private sector and a link could be circulated to members of the Board. Making these a mandatory exercise could demonstrate members were undertaking this learning.
- Third party learning was already provided through LGA training to Pension Committee members and would be made available to Board members.
- It was suggested the Framework Policy be ongoing until each review. The current time period for reviews was recommended as 18 months.

RESOLVED that: the Northamptonshire Local Pension Board designated responsibility to the Democratic Services Manager and the LGSS Pensions Service Governance and Regulations Manager for ensuring that the knowledge and understanding framework for the Local Pension Board is developed and implemented.

07/15 Northamptonshire Local Pension Board – Work Programme:

At the Chairman's invitation, Democratic Services Manager, Paul Hanson introduced this report (copies of which had been previously circulated) highlighting the following:

- A 4-year programme could not be realistically set that day particularly as members were yet to identify their gaps in knowledge. The aim was therefore to attempt to set a short-term programme.
- Minutes from the Pension Committee would be a standing item on the Local Pension Board agenda. This would also assist in updating a work programme.

The Board discussed the report noting the following:

- It was suggested a work programme be aligned with the workplan of the Pension Committee.
- The Board might wish to consider if the Fund maintained all of the required policies which would require more than just officer advice.
- The ISC received many reports on performance of day to day investments but the Pension Committee considered investments at a higher level such as asset allocation. Investment monitoring reports could be shared with Board members.
- The latest internal audit report would be circulated to members of the Board following the meeting.
- A suite of reports was provided to the Pension Committee at its AGM in July and these could also be provided to members of the Local Pension Board.
- The ISA 260 which reported to the Pension Committee as part of the statement of accounts was the External Auditor's Statement of Compliance.

RESOLVED that: the Northamptonshire Local Pension Board agreed priorities for its work programme that:

- 1) **Included a review of minutes from Pension Committee Meetings as a standing item on the agenda; and**
- 2) **Which aligned with the Pension Committee's work programme and the regular monitoring reports it received from external advisors?**

08/15 Northamptonshire Local Pension Board Meeting Dates 2015-16:

At the Chairman's invitation, Democratic Services Manager, Paul Hanson introduced this item which was discussed by members noting the following:

- When discussing a regular day for meetings it was noted Councillor Matthews was not available on the first and third Wednesdays of the month. Audra Statham had regular commitments on Tuesdays and Wednesdays. It was therefore agreed to attempt to meet on Thursdays.
- Quarterly meetings would be held on the following dates:
Thursday 1 October 2015 at 2pm.
Thursday 21 January 2016 at 2pm
Thursday 7 April 2016 at 2pm
Thursday 9 June 2016 at 2pm
- A training session would also be arranged to take place on Tuesday 1 September 2015 (from 9.30am) at which the Board would discuss a learning needs analysis and information received at the recent LGA training with a local bias. It could also include more in-depth information on the regulations.
- The Pension Committee did have an 18-month cycle of training which officers were currently discussing with the external supplier with a view to refreshing it to take account of Local Pension Boards. This could be rolled out to members once agreed.
- There were no e-learning modules for trustees. Webinar training had been developed for some employers within the Fund and investment managers had provided brief training/information sessions to the Pension Committee and/or ISC when considering particular investment pathways but there was no specific training readily available for the Local Pension Board.
- The Pensions Regulator toolkit could be accessed by Board members prior to the training session which could then be discussed at the session. This could also lead on to a discussion on individual learning plans.
- April would be the most appropriate time at which to consider an annual report to the Pension Committee which would form part of their annual report to Council.

RESOLVED that: the Northamptonshire Local Pension Board agreed:

- 1) to meet on the following dates during 2015-16:
Thursday 1 October 2015 at 2pm.
Thursday 21 January 2016 at 2pm
Thursday 7 April 2016 at 2pm
Thursday 9 June 2016 at 2pm; and**
- 2) to hold a training session on Tuesday 1 September 2015 (9.30am)**

09/15 Urgent Business:

There was none.

There being no further business, the meeting concluded at 4.48pm.

This information can be made available in other formats upon request.
Please contact Democratic Services, tel. (01604) 367560 Fax (01604) 366223
E-mail: jrendall@northamptonshire.gov.uk