



**Northamptonshire Local
Pension Board**

6 July 2015

**The Blue Room
County Hall
Northampton
NN1 1AT**

2.00 pm

AGENDA

*** Papers enclosed**

Item No.	Subject	Responsible Officer
1.	Election of Chair	Paul Hanson
2.	Election of Vice-Chair	Paul Hanson
3.	Apologies for Absence and Declaration of Interests	Paul Hanson/ Jenny Rendall
4.*	Terms of Reference of the Northamptonshire Local Pension Board	Paul Hanson
5.	Presentation on the Operation of the Northamptonshire Pension Fund	Joanne Walton
6.*	Northamptonshire Local Pension Board – Knowledge and Understanding Policy Framework	Paul Hanson
7.*	Northamptonshire Local Pension Board – Work Programme	Paul Hanson
8.	Local Pension Board Meeting Dates 2015-16	Paul Hanson/ Jenny Rendall
9.	Urgent items	

Issued: 26 June 2015

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**NORTHAMPTONSHIRE LOCAL PENSION BOARD****6 July 2015****Report by: THE DEMOCRATIC SERVICES MANAGER**

Subject:	Northamptonshire Local Pension Board Terms of Reference and Standing Orders
Recommendations:	<p>The Northamptonshire Local Pension Board is asked to consider its Terms of Reference and Standing Orders and determine whether any changes may be necessary/</p> <p>Note –changes may need to be recommended to Council for approval.</p>

1. Purpose of Report and Background.

- 1.1 When establishing a Local Pension Board, the Administering Authority must create terms of reference for the Board on the basis that the Board is a stand-alone body. These terms of reference should be reviewed periodically and at each material change in regulations which impact on the Board.
- 1.2 The Council, at its meeting in March 2015, agreed the establishment of a Local Pension Board for Northamptonshire County Council (the Administering Authority). It also agreed changes to the Council's Constitution which are set out below.

2. Guidance on the Creation and Operation of Local Pension Boards in England and Wales

- 2.1 The Government has issued Guidance designed to assist Administering Authorities in the creation and operation of Local Pension Boards in line with relevant legislation and in particular The Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 2013 (as amended):
http://www.lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%201clean.pdf
- 2.2 The Guidance pertaining to the Board's terms of reference is extremely detailed. A number of key issues are covered in the above changes to the Council's Constitution. However, there are other issues that need to be addressed, which are set out in Appendix C attached for discussion. The list below highlights some of the areas:
 - Reporting;
 - Code of Conduct and Conflicts Policy;
 - Role of advisors;
 - Procedure for dealing with urgent business;

- Working Groups/Sub-Committees;
- Budget;
- Public Access to Board Meetings and Information; and
- Data controller.

3. Appendices and Background Papers

- 3.1 The Board is invited to consider the changes agreed by Council detailed in Appendix A and the proposed Standing Orders as set out in Appendices B & C.

Appendix A – Changes Already Made to the Council's Constitution

Article 9 - The Local Pension Board(s)

1. Local Pension Boards

The Council has established two Local Pension Boards. The first is concerned with the Council's role as an administering authority in respect of the Local Government Pension Scheme. The second is concerned with the Firefighters' Pensions Scheme. The Local Pension Boards shall have the following membership and powers.

2. Local Pension Board – Local Government Pension Scheme

a) Composition

Representatives	Number of seats	Term of Appointment	Method of Appointment
Employers	3	4 Years	<ul style="list-style-type: none">• Two councillor representatives determined by Northamptonshire County Council.• One representative of a Scheme employer such as an admitted body or non-tax raising body that participates in the Northamptonshire Pension Fund appointed via an open selection process.
Scheme Members	3	4 Years	<ul style="list-style-type: none">• Three representatives appointed via an open selection process. Any trade union members so appointed will represent scheme members.

b) Voting, Frequency of Meetings and Quorum

All Local Pension Board Members shall have the right to vote in meetings.

The Local Pension Board (Local Government Pension Scheme) shall meet a minimum of four times a year. The date, hour and place of meetings shall be fixed by the Board. The Chair may call additional meetings if necessary. Quorum shall be four Local Pension Board Members, provided that the employer and member sides are both represented.

No business requiring a formal resolution shall be transacted at any meeting of the Local Pension Board unless the meeting is quorate. If it arises during the course of a meeting that a quorum is no longer present, the Chair shall either suspend business until a quorum is re-established or declare the meeting at an end and arrange for the completion of the agenda at the next meeting or at a special meeting. Substitutes shall be permitted.

c) Chairman and Vice-Chairman

The Chair and Vice-Chair of the Local Pension Board shall be elected by the Board at its annual meeting. The normal term of office for the Chair and Vice-Chair of the Local Pension Board shall be one year, subject to earlier removal by vote of the Local Pension Board.

3. Local Pension Board – Firefighters’ Pension Scheme

(Omitted for brevity)

4. Role and Function

The Pensions Fund Boards will have the following roles and functions:

- Authority to assist the administering authority in securing compliance with:
 - The Principal 2013 Regulations;
 - Any other legislation; and
 - Any requirements imposed by the Pensions Regulator in relation to the Scheme.
- Authority to assist the administering authority in ensuring the effective and efficient governance and administration of the Scheme.

5. Training and Knowledge of Members

Members may not be permitted to take part in meetings of the Local Pension Board unless they have complied with any training requirements for Board members as set out in the Public Services Pensions Act.

Part 3 – Responsibility for Functions (Scheme of Delegation)

6. Powers and Duties of the Local Pension Board(s)

Delegated Authority	Statutory Reference
Authority to assist the administering authority in securing compliance with (i) the Principal 2013 Regulations, (ii) any other legislation, and (iii) requirements imposed by the Pensions Regulator in relation to the Scheme.	Local Government Pension Scheme (Amendment) Regulations 2014 (Regulation 106(1)(a) & (b))
Authority to assist the administering authority in ensuring the effective and efficient governance and administration of the Scheme.	As above (Regulation 106(1)(b))

Appendix B – Rules of Procedure

Rules of Procedure for the Local Pension Board

The Council's Rules of Procedure set out in Part 4 (a) of the Constitution apply to all bodies of Council unless separate provision has been made. They apply to the Local Pension Board except where they concern the following matters:

- Composition of the Local Pension Board;
- Voting Rights, frequency of meetings and quorum;
- Appointment of Chairman and Vice Chairman;
- Role and Function of the Board;
- Training Requirements of Board Members;
- The formal duties of the Board; and
- Any other provisions required under Guidance, which are set out in Appendix C below.

in which case the rules are modified as necessary to accommodate the provisions set out in Appendix A. The full text of Part 4 (a) can be found on the Council's website here:

<https://cmis.northamptonshire.gov.uk/cm5live/PublicDocuments.aspx>

While it is helpful to have such procedures in place in order to provide a defined framework within which the Board will operate, in practice it is likely that the Board will operate along reasonably informal lines. For clarity, a summary of the rules of procedure

Appendix C – Suggested Additional Standing Orders of the Local Pension Board

Note – points for particular consideration are italicised.

1. Notice of Meetings

- 1.1 Meetings of the Board will be convened by the Council as Administering Authority, who will also arrange the clerking and recording of meetings. Democratic Services will undertake these duties, as well as advising the Board on rules of procedure, assisting with the development of the Board's work programme and drafting reports on behalf of the Board. Officers from the LGSS Pension Service will provide pension fund information to the Board.
- 1.2 The agenda and papers for meetings will be made available at least five clear working days before the meeting.

2. Chairmanship

- 2.1 A Chair and Vice-Chair will be appointed by the employer and member representatives of the Board from among their own number but not from the same sector of representatives.
- 2.2 The role of the Chair is to ensure that meetings are properly conducted, that any resolutions made are clear, and that professional advice is understood and taken into consideration. The Chair will agree the agenda and approve the minutes for each meeting.

3. Other members

- 3.1 The Board may appoint other members with the agreement of the Administering Authority. Other members will not have voting rights on the Board.

4. Reporting

Guidance from the Shadow Advisory Board states that "It would be good practice for the Local Pension Board to consider publishing an annual report of the Local Pension Board's activities for that year. The Local Pension Board should consider with the Administering Authority whether it would be appropriate to detail these activities as part of the Fund's annual report."

The Board needs to consider its reporting requirements. The arrangements for the reporting of information to the Administering Authority, including direct reporting arrangements where the Board has material concerns. In addition the methods used to communicate to scheme members and employers should be considered.

5. Board Knowledge and Understanding

- 5.1 Every individual who is a member of the Board must be conversant:
 - with the rules of the Local Government Pension Scheme;
 - any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund.

5.2 Every individual who is a member of the Board must also have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed.

The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act.

6. Members' Conduct

6.1 The Board should at all times act in a reasonable manner in the conduct of its purpose. Part 5 - Codes and Protocols of the County Council's Constitution will therefore apply to all members of the Board

<https://cmis.northamptonshire.gov.uk/cm5live/PublicDocuments.aspx>

6.2 The Board should always act within its terms of reference and standing orders.

7. Termination of Membership

7.1 Board membership may be terminated prior to the end of the term of office due to:

- (a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund;
- (b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied;
- (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
- (d) A Board member no longer being able to demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training;
- (e) The representative being withdrawn by the nominating body and a replacement identified;
- (f) A Board member has a conflict of interest which cannot be managed in accordance with the Code of Conduct; and
- (g) A Board member who is an elected member becomes a member of the Pensions Committee.

7.2 A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

8. Role of Advisors

- 8.1 The Board to agree the role of professional advisers or other advisers to the Board and the process for their appointment and agreeing their fees. The process for accessing existing advisors to the Administering Authority should be set out.

9. Urgent Items of Business and the Publication of Information

- 9.1 Urgent business will be considered with the agreement of the Chair in accordance with Part 4 (a) of the Council's Constitution.

10. Working Groups/Sub-Committees

Do you wish to have the power to set up working groups/sub committees?

11. Budget

The Board does not have a specifically allocated budget, but has access to a range of other sources of support and advice provided by the Administering Authority. The Board will need to discuss arrangements for expenditure for specified purposes, for example seeking professional advice, training for members etc.

The Board will seek approval from the Administering Authorities Chief Finance Officer for any expenditure it wishes to make.

12. Expenses

- 12.1 Board members will be able to claim travel expenses from the Pension Fund if claimed within four months.
- 12.2 Travel by private vehicles will be reimbursed at the rates set for tax allowance purposes by the Inland Revenue for business travel. Currently these are 45p per mile for the first 10,000 miles and 25p a mile thereafter and an additional 5p per mile where a passenger (another councillor) is carried.
- 12.3 Parking fees and public transport fares will be reimbursed at cost on production of a valid ticket or receipt. In the case of travel by rail, standard class fare or actual fare paid (if less) will be reimbursed.

13. Public Access to Board Meetings and Information

Board meetings can be open to the general public unless there is an exemption under the relevant legislation which would preclude part (or all) of the meeting from being open to the general public.

- 13.1 The following will be entitled to attend Board meetings in an observer capacity:
- (a) Members of the Pension Fund Committee;
 - (b) Any person requested to attend by the Board.

Any such attendees will be permitted to speak at the discretion of the Chairman/woman.

14. Data Protection

The terms should take account of the Administering Authority's role as a 'data controller'.

15. Amendment of the Terms of Reference (Constitution) and Standing Orders

- 15.1 The Board may recommend variations to its Terms of Reference or Standing Orders by a simple majority vote by the members provided that prior notice of the nature of the proposed variation is made and included on the agenda for the meeting. The recommendation may then need to be approved by Full Council.



NORTHAMPTONSHIRE LOCAL PENSION BOARD

6 July 2015

Report by: THE DEMOCRATIC SERVICES MANAGER

Subject:	Northamptonshire Local Pension Board Knowledge and Understanding Policy Framework.
Recommendations:	The Northamptonshire Local Pension Board is asked to designate 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.

1. Purpose of Report and Background.

- 1.1 Section 248A of The Pensions Act 2004 requires every member of a Local Pension Board to be conversant with:
- the rules of the LGPS: in other words the Regulations and other regulations governing the LGPS (including the Transitional Regulations, earlier regulations and the Investment Regulations); and
 - any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund.

Members of the Board must also have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed.

- 1.2 The legal responsibilities of every Local Pension Board member begin from the date they take up their role on the Board. In accordance with Section 248A, the knowledge and understanding requirements apply to every individual member of the Local Pension Board.

2. Degree of Knowledge and Understanding

- 2.1 Being conversant with the rules of the LGPS and any document recording policy about the administration of the Fund means having a working knowledge (i.e. a sufficient level of familiarity) of them so that members of a Local Pension Board can use them effectively when carrying out their role of assisting the Administering Authority.

- 2.2 In particular, members of a Local Pension Board should understand the rules and documents in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.
- 2.3 In order to assist the Administering Authority, it is implicit that members of a Local Pension Board understand the duties and obligations that apply to the Administering Authority as well as to themselves.
- 2.4 The rules of the LGPS would include:
- The Regulations;
 - The Investment Regulations; and
 - The Transitional Regulations (including any earlier Regulations as defined in the Transitional Regulations to the extent they remain applicable) and any statutory guidance referred to in these regulations.
- 2.5 A Local Pension Board should prepare and keep updated a list of the core documents recording policy about the administration of the Fund and make sure that the list and documents (as well as the rules of the LGPS) are accessible to its members.
- 2.6 Members of a Local Pension Board should also be aware of the range and extent of overriding law which applies to the LGPS and have sufficient knowledge and understanding of the content and effect of that law to recognise when and how it impacts on their role, responsibilities and duties.
- 2.7 Given the role of the Local Pension Board to assist the Administering Authority, members of a Local Pension Board should have sufficient knowledge and understanding to challenge any failure by the Administering Authority to comply with the Regulations and other legislation relating to the governance and administration of the LGPS (which should be interpreted as including the Regulations and other legislation relating to investment and funding matters) and/or any failure to meet the standards and expectations set out the Code of Practice.
- 2.8 Members of a Local Pension Board should have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice the Local Pension Board is given. They should be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to the Local Pension Board's duty to assist the Administering Authority.

3. Knowledge and Understanding Policy Framework

- 3.1 Once created, the Local Pension Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to its members.
- 3.2 The Local Pension Board may wish to designate a person to take responsibility for ensuring that the knowledge and understanding framework is developed and implemented. This could be a member of the Local Pension Board or an external person, for example an officer of the Administering Authority or a professional adviser.

4. Acquiring, Reviewing and Updating Knowledge and Understanding

- 4.1 A Local Pension Board's knowledge and understanding policy and framework should provide for the acquisition and retention of knowledge and understanding for its members.
- 4.2 Members of the Local Pension Board should commit sufficient time in their learning and development alongside their other duties. Training is an important part of the individual's role and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations to assist the Administering Authority.
- 4.3 Members of the Local Pension Board must be aware that their knowledge and understanding responsibilities technically begin from the date they take up their post. Therefore, members should immediately start to familiarise themselves with the Regulations, key Fund documents and relevant pensions law.
- 4.4 The Administering Authority should offer high quality induction training and should provide relevant ongoing training for Board members.
- 4.5 A Local Pension Board's knowledge and understanding policy and framework should require its members to undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 4.6 A personalised training plan should then be used to document and address these promptly. This would be supported by any person the Local Pension Board has designated to implement the knowledge and understanding policy and framework.
- 4.7 Learning programmes should be flexible, allowing members of the Local Pension Board to update particular areas of learning where required and acquire new areas of knowledge in the event of any change. For example, members of the Local Pension Board who take on new responsibilities in their role will need to have knowledge and understanding which is relevant to carry out those new responsibilities.
- 4.8 Learning programmes should deliver the appropriate level of detail to ensure that Local Pension Board members have the required level of knowledge and understanding specific to the LGPS.
- 4.9 The Regulator will be providing an e-learning programme which has been developed to meet the needs of all members of public sector scheme pension boards, whether or not they have access to other learning. It is not anticipated that this e-learning module alone would provide the sufficient level of LGPS specific training required for Local Pension Board members.
- 4.10 Members of a Local Pension Board and the Administering Authority should investigate what other third party learning tools and courses are available both for initial training requirements and any ongoing training needs identified for members of the Local Pension Board. Administering Authorities and Local Pension Boards should contact relevant advisors to identify any training resources being made available.

- 4.11 Once a Local Pension Board is in operation and new appointments are made in the future, mentoring by existing members could also be considered. This could also help to ensure that historical and scheme specific knowledge is retained when members of a Local Pension Board change.

5. Demonstrating Knowledge and Understanding

- 5.1 The Local Pension Board should keep appropriate records of the learning activities of individual members and the Local Pension Board as a whole. This will assist members in demonstrating their compliance, if necessary, with the legal requirement and how they have mitigated risks associated with knowledge gaps. For example a good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place, which can be provided to the Local Pension Board.

6. Further Reading

The Guidance on the creation and operation of Local Pension Board in England and Wales: <http://www.lgpsboard.org/index.php/about-the-board/board-guidance>

The Pensions Regulator's Code of Practice: Governance and Administration of public sector pension schemes: <http://www.thepensionsregulator.gov.uk/docs/code-14-public-service.pdf>

**NORTHAMPTONSHIRE LOCAL PENSION BOARD****6 July 2015****Report by: THE DEMOCRATIC SERVICES MANAGER**

Subject:	Northamptonshire Local Pension Board Work Programme
Recommendations:	The Northamptonshire Local Pension Board is asked to consider its proposed priorities and work programme.

1. Purpose of Report and Background.

- 1.1 The report sets out proposals for the work programme and priorities of the new Local Pension Board. The Board is invited to comment on the report and agree a work programme for the coming year.
- 1.2 The Board is responsible for determining its own priorities and work programme providing it is compliant with the statutory framework within which it operates. It is proposed that these be reviewed at every Board meeting in order to take account of issues that arise during the year and changes to Pension Committee planning and decision making timescales. This meeting represents the first opportunity for the Board to identify a range of topics for inclusion in its work programme.

2. The Core Functions of the Board

- 2.1 The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and any requirements imposed by the Pensions Regulator in relation to the Scheme. Within this framework, the Board may determine the areas it wishes to consider.
- 2.2 These areas may include, but are not restricted to:
 - (a) The review of policies dealing with data protection, information and security, acceptable use (and monitoring) and subject access request;
 - (b) Reviewing regular compliance monitoring reports which shall include reports to and decisions made under regulation by the Pensions Committee;
 - (c) Reviewing management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Pension Regulator's Code of Practice (Governance and administration of public service pension schemes);

- (d) Reviewing the compliance of scheme employers with their duties under the Regulations and relevant legislation;
- (e) Assisting with the development of such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles;
- (f) Assisting with the development or review of scheme member and employer communications as required by the Regulations and relevant legislation;
- (g) Monitoring complaints and performance on the administration and governance of the scheme;
- (h) Assisting with the application of the Internal Dispute Resolution Process;
- (i) Reviewing the complete and proper exercise of Pensions Ombudsman cases;
- (j) Reviewing the implementation of revised policies and procedures following changes to the Scheme;
- (k) Reviewing arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme;
- (l) Reviewing the complete and proper exercise of employer and administering authority discretions;
- (m) Reviewing the outcome of internal and external audit reports;
- (n) Reviewing draft accounts and the scheme annual report;
- (o) Reviewing the compliance of particular cases, projects or process on request of the Committee; and
- (p) Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.

2.3 The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. These areas may include, but are not restricted to:

- (a) Assisting with the development of improved customer services;
- (b) Monitoring performance of administration, governance and investments against key performance targets and indicators;
- (c) Reviewing the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority;
- (d) Monitoring investment costs including custodian and transaction costs.

- (e) Monitoring internal and external audit reports;
- (f) Reviewing the risk register as it relates to the scheme manager function of the authority;
- (g) Assisting with the development of improved management, administration and governance structures and policies;
- (h) Reviewing the outcome of actuarial reporting and valuations;
- (i) Assisting in the development and monitoring of process improvements on request of Committee;
- (j) Assisting in the development of asset voting and engagement processes and compliance with the UK Stewardship Code; and
- (k) Any other area within the core function (i.e. ensuring effective and efficient governance of the Scheme) the Board deems appropriate.

2.4 The guidance on the creation and operation of Local Pension Boards in England and Wales has also identified a number of work areas for the Board as follows:

- (a) To approve a Code of Conduct;
- (b) To approve a Conflicts Policy; and
- (c) To approve a Knowledge and Understanding Policy and Framework to meet the knowledge and understanding requirements of the 2004 Act

3. Priorities and work programme 2015/16

3.1 The Board is asked to discuss and determine its priorities and work programme for 2015/16 based on the work areas and core functions detailed above. It is recommended that the Board select a spread of topics for inclusion in the programme which will allow it to demonstrate compliance with its statutory duties whilst maintaining a manageable workload.

3.2 When considering and reviewing its work programme priorities for 2014/15 the Board will wish to consider both the topics it intends to examine and the particular approaches it will use to carry out different work. The main approaches available to it include:

- (a) Work undertaken at formal Board meetings. Formal meetings provide an opportunity for the Board to scrutinise key issues affecting the Fund, to engage with the individuals involved in managing the fund and to oversee the implementation of its work programme. This work may result in the production of a review report for presentation to the decision-making body concerned.
- (b) Joint policy development work with decision makers to develop or refine policy proposals on a one-off or ongoing basis as required by the subject matter. This work could add value to the Scheme Manager by helping to make the final

proposals presented more robust.

- (c) Ongoing monitoring / information-gathering: investing time in building up an understanding of service-delivery matters in order to enable the Board to make informed judgements about its long-term programme and any in-depth work it may wish to carry out.

3.3 The terms of reference provide for a minimum of four meetings a year. The Board will be asked to consider arranging meeting dates in or around October 2015, December 2015/January 2016, April 2016 and July 2016.

4. Appendices and Background Papers

4.1 There are no appendices, but the Board may wish to consider the information set out in the following background papers:

- The Guidance on the creation and operation of Local Pension Board in England and Wales: <http://www.lgpsboard.org/index.php/about-the-board/board-guidance>
- The Pensions Regulator's Code of Practice: Governance and Administration of public sector pension schemes: <http://www.thepensionsregulator.gov.uk/docs/code-14-public-service.pdf>