



Northamptonshire Local  
Pension Board

25 April 2016

Room 28  
County Hall  
Northampton  
NN1 1AT

10.00 am

## AGENDA

### \* Papers enclosed

Item No.	Subject	Responsible Officer
1.	Welcome and Apologies for Absence	Chairman
2.	Declarations of interest by members, if any	Chairman
3.*	Minutes of the meeting held on 21 January 2016	Jenny Rendall
<b>Part A – Update on Pensions Committee Activity</b>		
4.*	Executive summary of standing items from Pension Committee meetings held in March:	Joanne Walton
<b>Part B – Local Pension Board Work Programme</b>		
5.*	Business Plan and Fund Objectives (inc. Fund Valuation Plan)	Joanne Walton
6.*	Results of the Pensions Regulator’s survey of public survey governance and administration and compliance with the code of practice	Joanne Walton
7.*	LGSS Pensions Service Administration Performance Report	Joanne Walton
8.*	Annual Report of the Local Pension Board	Paul Hanson
<b>Part C – Training Items</b>		
9.	Investment Training	Joanne Walton
10.	Urgent items	Paul Hanson

**Issued: 15 April 2016**

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**Northamptonshire Local Government Pension Scheme Local Pension Board**

**Minutes of the meeting held on 21 January 2016**

**Venue: The Judges Lodgings, County Hall, Northampton**

**(Meeting held in public)**

**PRESENT:-**

Paul Evans (Chairman)

Employers Side

Councillor Allan Matthews

Employees Side

Penny Smith  
Audra Statham

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

Paul Hanson	Democratic Services Manager
Michelle Oakensen	LGSS Pensions Governance Officer
Jenny Rendall	Democracy Officer (minutes)
Joanne Walton	LGSS Pensions Governance & Regulations Officer
Mark Whitby	LGSS Deputy Head of Pensions

There were no members of the public present.

01/16 Apologies for non-attendance and Declarations of Interest

Apologies were received from Councillor Mick Scrimshaw and Nina Thomas.

02/16 Declarations of interest by members, if any:

There were none.

03/16 Minutes of the Meeting held on 1 October 2015:

**RESOLVED that: The Local Pension Board approved:**

- 1) the minutes of the meeting held on 1 October 2015 in public**
- 2) the minutes of the meeting held on 1 October 2015 in private.**

04/16 Executive summary of standing items from Pension Committee meetings held in October and December 2015:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Officer, Jo Walton introduced this report (copies of which had been previously circulated) highlighting the standing items as:

- Business plan Update Report
- Overpayment of Pensions Report
- Employers Admissions and Cessations Report; and
- Governance and Legislation Report.

Queries from the Local Pension Board were answered as follows:

- Many people would not be aware of who the Pensions Committee were unless something cropped up with the own pension.
- Officers were making employers within the Fund aware of training available.
- The survey was forwarded to a number of people, some more involved with the Service than others.
- All staff moving from Council employment to that of one of the organisations formed by the Council would be transferred through Transfer of Undertakings (Protection of Employment (TUPE) arrangements. All of these organisations will be underwritten by the Council.
- Late payments of contribution by employers would be reported as a breach and there was a process for reporting breaches.
- There was a need to ensure new employers in the Scheme were secure in order to protect the Fund and there were various processes that could be followed in this respect. Any new employer that was guaranteed by the Council would be as secure as the Council within the Fund.
- As the LGPS was open to public sector employees only any employees within a company that undertook only private work would not be able to join the scheme.
- A valuation of the scheme was undertaken every 3 years at which the Scheme's actuaries would consider all employers and groups of employers within the Scheme and stabilise their contribution rates.
- The Scheme would remain open until a decision was made to close it.
- It was for each admitted body within the Scheme to decide who could join it.
- Appropriate modelling was undertaken regularly to ensure the Fund was protected.

Some members of the Local Pension Board also felt the number of companies within the LGPS was enormous and new companies were likely to close the scheme to new members.

**RESOLVED that the Local Pensions Board noted the contents of the report on the October and December 2015 Pension Committee meetings standing reports.**

05/16 Northamptonshire Pension Fund Annual Report and Statement of Accounts 2014-15:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Officer, Jo Walton introduced this report (copies of which had been previously circulated) highlighting the fact that these must be published by 30 November each year and the report provided a breakdown of activity during the year.

**RESOLVED that the Local Pensions Board noted the Northamptonshire Pension Fund Annual Report and Statement of Accounts 2014-15.**

#### 06/16 Payment of Employee and Employer Pension Contributions Policy:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Officer, Jo Walton introduced this report (copies of which had been previously circulated) highlighting the following:

- Following the relevant code of practice, this Policy had been designed to be available to employers in the Fund, setting out how and when contributions should be paid and penalties for not making payments.
- Paragraph 9 in the main report set out how penalties would be applied for late payments.
- This report had been approved by the Pensions Committee in December 2015.

In response to queries on the report, the following was confirmed:

- The LGPS accounts form part of the Council's accounts which are approved by Council. The Pensions Committee does have sight of the LGPS accounts before they are presented to Council.
- As a critical friend the Local Pension Board could make recommendations to the Pensions Committee prior to its approval of the LGPS accounts.
- The administration fee referred to in paragraph 10.1 of the main report in relation to late payments was comparable to other funds' charges.

**RESOLVED that: the Local Pension Board reviewed the Policy and noted and its comments with no recommendations to the Pensions Committee at the current time.**

#### 07/16 Policy for Admission Bodies, Scheme Employers and Bulk Transfers:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Officer, Jo Walton introduced this report (copies of which had been previously circulated) highlighting the following:

- Although this Policy was not required by regulations, it was considered good practice to operate one.
- The Policy set out terms for employers within the Scheme as well as covering bulk transfers.
- The Policy also set out the different types of employers in a Scheme.

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

- Only companies offering a public service could join the LGPS.
- Protection for staff would only be required should they move to another employer..
- The 2013 regulations did not come into force until 2014 and this Policy was something that the Head of Pensions decided could be left
- The Policy set out the principles but if a new body came in and/or out of the Scheme, the actuary would need to undertake the mathematical equations.
- The principle changes in the document were updates where there were crossovers between the old and new policies. The old document was also very large in size so it was condensed to ensure more people could read it.
- This Policy would be presented to the Pensions Committee when there were changes to be made to it. Power to write particular parts of the Policy were already delegated to the Head of Pensions.

**RESOLVED that the Local Pension Board reviewed the Admission Bodies, Scheme Employers and Bulk Transfer Policy with no recommendations to the Pensions Committee at the current time.**

#### 08/16 Statement of Investment Principles:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Officer, Jo Walton introduced this report (copies of which had been previously circulated) highlighting that this was a document that was required under regulations and could come to the Pensions Committee quite often for reasons such as a change of investment managers. Paragraphs 2.3 and 2.4 highlighted when and why it had been brought to Committee in recent months. It set out how the LGPS invested and should be read alongside the Funding Strategy.

Queries on the report were answered as follows:

- The LGPS did not lend money to Northamptonshire County Council.
- The largest activity the Fund undertook was the Valuation training which would look at how employers within the Fund should be treated.
- All members were encouraged to stay for the whole day's valuation training. It was noted that at this event the items going into the actual document that informed those working on the Fund would be discussed.

**RESOLVED that: The Local Pension Board reviewed the Statement of Investment Principles (July 2015) with no recommendations to the Pensions Committee at the current time.**

#### 09/16 Work Programme and Annual Report:

At the Chairman's invitation, Democratic Services Manager, Paul Hanson introduced this item highlighting the current year had been one of fact finding and presenting an annual report to the Pensions Committee would serve to inform them of how the Board had operated during this year within that tone. Should the Board wish it, the Democratic Services Manager would write a draft report to be presented to them in April.

Members of the Local Pension Board noted their enjoyment of the training offered to date. It was also noted the Pensions Team tailored training to items coming up on the agendas and LGSS Pensions Governance Officer, Michelle Oakensen confirmed she retained a record of training undertaken by the Local Pension Board and where they had noted further training areas.

**RESOLVED that: The Local Pension Board would receive a draft annual report to the Pensions Committee for comment at its meeting due to be held in April 2017.**

**RESOLVED: that under section 100A of the Local Government Act 1972 the public be excluded from the meeting for this item of business on the grounds that if the public were to be present it would be likely that exempt information under part 1 of schedule 12A to the act would be disclosed to them.**

#### 10/16 Urgent Items:

There were none.

There being no further business, the meeting concluded at 15.11pm.

**NORTHAMPTONSHIRE  
PENSION FUND**



**PENSION FUND BOARD**

**25 April 2016**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>Agenda items from March 2016 Pension Committee meeting.</b>
<b>Purpose of the Report</b>	To provide the Pension Fund Board with an executive summary of specific agenda items discussed at the March 2016 Pension Committee meeting.
<b>Recommendations</b>	<b>That the Pension Fund Board note the contents of this report.</b>
<b>Enquiries to:</b>	Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

1.1 This report is an executive summary of the items discussed at the March 2016 meeting of the Pension Committee which are not addressed through other reports to the Pension Fund Board at this meeting.

1.2 The agenda items which are covered in this report are:

- Governance and Legislation Report – section 2
- Government’s Investment Reform Agenda – section 3
- Employers Admissions and Cessations Report – section 4
- Risk Strategy – section 5

1.3 The full reports can be found at the link detailed in section 13 of this report.

**2. Governance and Legislation Report**

The following sections summarise the information contained within the Governance and Legislation report presented to the Pension Committee in March 2016.

## **2.1 Appointment of Scheme Advisory Board Chairman**

2.1.2 The LGPS Scheme Advisory Board (SAB) has been notified that the Secretary of State has appointed Councillor Roger Phillips, a lead LGA member on workforce and pay negotiations, to the position of Chair. Councillor Phillips is currently vice chairman of the Board, has chaired the UK Local Government Pensions Committee (LGPC) for the last two years. He is a member and former leader of Herefordshire Council and chaired the LGPS2014 Project Board.

## **2.2 Queen's Counsel opinion on status of local pension boards**

2.2.1 At the 25 January 2016 meeting of the Scheme Advisory Board of England and Wales, the Queen's Counsel opinion of the status of local pension boards within local authorities was considered. Whilst the detail of the opinion has not been made publically available it has been reported that there may be some implications for the instances where a fund has set up a joint committee and board. In the meantime, the Scheme Advisory Board guidance on the creation and operation of local pension boards is being reviewed in line with the Queen's Counsel opinion.

## **2.3 The Pensions Regulator – Annual Benefit Statements**

2.3.1 All LGPS funds have a statutory requirement to produce an Annual Benefit Statement to all active scheme members by 31 August each year. Last year a large number of funds were unable to produce benefit statements by this date largely due to the quality and timeliness of data being supplied by the scheme employers. The Pensions Regulator has been in contact with a number of funds who reported their inability to meet this statutory requirement (considered by the Pensions Regulator as a breach in the law) to discuss improvement plans to enable these funds to meet the statutory deadline this year.

2.3.2 The Pensions Regulator has reported that they have received a number of high quality improvement plans that they are considering sharing with the rest of the LGPS community, via the LGA, subject to approval of the funds concerned.

2.3.3 The Pensions Regulator has recognised the problems most funds have had with receiving timely and accurate data from scheme employers. Although the Pensions Regulator's powers under the Public Service Pension Act 2013 do not extend to scheme employers he is considering producing guidance on the expectations on scheme employers to enable scheme managers (administering authorities) to fulfil their statutory obligations. Should the Pensions Regulator determine that this guidance is appropriate it will be issued in spring 2016.

## **2.4 Public sector exit payment recovery regulations**

2.4.1 On 20 December 2015, the government released a short consultation on draft regulations that will give effect to the powers enacted in the Small Business, Enterprise and Employment Act 2015, which will allow for the recovery of exit payments when an individual earning in excess of £80,000 per annum returns to the public sector within a year of leaving their previous employment from which they received an exit payment.

- 2.4.2 The Government has modified some elements of their proposal since it was last consulted on. These changes include bringing into scope those that re-enter a different part of public service from that which they left, reducing the minimum salary at which the provisions apply from £100,000 to £80,000 per annum, tapering the amount to be repaid relative to the length of break between employments and employer pension strain costs are now being included as part of the exit payment that is subject to the recovery provisions.
- 2.4.3 The consultation closed on 25 January 2016 and further information can be found at the following link:

<https://www.gov.uk/government/consultations/public-sector-exit-payment-recovery-regulations>

## **2.5 Reforms to public sector exit payments**

- 2.5.1 On 5 February 2016, HM Treasury released a public consultation on reforms to public sector exit payments. This follows the announcement in the Spending Review and Autumn Statement 2015 that the government will continue to modernise the terms and conditions of public sector workers by taking forward targeted reforms in areas where the public sector has more generous rights than most of the private sector. As part of this the government committed to consulting on further cross-public sector action on exit payment terms to reduce the costs of redundancy payments and ensure greater consistency between workers.
- 2.5.2 The consultation sets out the options to make public sector exit compensation terms fairer, more modern and more consistent as follows;
- Setting the maximum tariff or calculating exit payments at 3 weeks' pay per year of service
  - Capping the maximum number of months' salary that can be used when calculating redundancy payments to 15 months.
  - Setting a maximum salary for the calculation of exit payments (possibly £80,000)
  - Enabling the amount of lump sum compensation an individual is entitled to receive to be tapered as they get close to the normal pension age or target retirement age of the pension scheme to which they belong or could belong in that employment.
  - Reducing the cost of employer-funded pension top-up payments, such as limiting the amount of employer funded top ups for early retirement, or removing access to them and/or increasing the minimum age at which employee is able to receive an employer funded pension top up.
- 2.5.3 The closing date for responses is the 3 May 2016. The full consultation can be found at the following link;

<https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments>

## **3. Government's Investment Reform Agenda**

At the March 2016 Pension Committee meeting an update was provided on the ACCESS asset pooling project and associated governance and funding matters that will enable the Fund to meet the July Government submission deadline for joint and individual pooling proposals.



### 3.1 February 2016 submission to Government

- 3.1.1 As requested by Government joint submission on initial asset pooling proposals was submitted by Suffolk County Council on behalf of the ACCESS pool by the 19 February 2016 deadline. At this point the ACCESS pool consisted of 10 Funds with combined assets of approximately £30bn (as at 31 March 2015).
- 3.1.2 Shortly after the February submission, the Pension Committee of Hertfordshire County Council confirmed their recommendation to join the ACCESS pool, subject to final approval by Full Council. This brings the pool to £33.5bn in combined assets as set out in the table below:

	<b>Authority £m</b>
Cambridgeshire County Council	2,268
East Sussex County Council	2,740
Essex County Council	4,906
Hampshire County Council	5,111
Isle of Wight Council	483
Kent County Council	4,515
Norfolk County Council	2,930
Northamptonshire County Council	1,850
Suffolk County Council	2,193
West Sussex County Council	2,964
Hertfordshire County Council	3,560
	<b>33,520</b>

### 3.2 July 2016 submission to Government

- 3.2.1 By 15 July 2016 refined and completed submissions must be delivered to Government that fully address the detailed asset pooling criteria set out in DCLG's "Local Government Pension Scheme: Investment Reform Criteria and Guidance" of November 2015.
- 3.2.2 An Officer Working Group has been formed with representatives from each Fund which is responsible for the overall delivery of the various components of the July submission.

### 3.3 Progress to date

- 3.3.1 The ACCESS pool has agreed to use Hymans Robertson to fulfil a temporary project management function in order to assist administering authorities in delivering the required joint and, where possible, individual submissions by the July 2016 deadline. Hymans Robertson was chosen as a result of their independence to the Funds, as well as their recent work on Project POOL. A procurement exercise will be undertaken should external services in this area be required beyond the July submission.

- 3.3.2 Work streams have been created to deliver the content required for each of the criteria and associated sub criteria. The work streams are formed of Officers from the Funds within the ACCESS pool, each with a designated work stream lead. LGSS Officers are at present involved in all of the work streams with the exception of infrastructure work stream. Each work stream will report into the Officer Working Group.
- 3.3.3 An outline project plan to deliver the July submission has been drafted and was included with the February submission. More detailed project planning is being undertaken to finalise the project plans for each work stream including critical paths and dependencies. This project planning is identifying all of the key decision points throughout the project.
- 3.3.4 A series of meetings have been set up for the Chairman/Vice-Chairman of each Pension Fund Committee within the ACCESS pool. The initial meetings have been scheduled for 29 March 2016, 22 April 2016 and 23 May 2016 and the Chairman and Vice-Chairman of each Fund have been invited to attend. Further meetings will be diarised in due course.
- 3.3.5 A Memorandum of Understanding has been drafted setting out a variety of matters in connection with this project, including the principles of collaboration, roles and responsibilities and expected behaviours.
- 3.3.6 Legal advice has been sought from Eversheds and Squire Patton Boggs on the legal structures under which administering authorities could work collectively to pool investments. These structures are:
- A Collective Investment Vehicle (CIV) primarily through an Authorised Contractual Scheme (ACS) whereby ownership of the assets is transferred to the ACS (or other vehicle). The authorities may directly own the ACS or rent a platform from an existing CIV operator.
  - A Collective Asset Pool (CAP) that enables founding Administering Authorities to collectively manage their investments without establishing a CIV or using an ACS, but pooling and unitising investments appropriately and investments remaining in the beneficial ownership of the participating authorities.
- 3.3.7 A series of Information Days for work stream participants were held in March 2016 to help inform the work of the project. The ACCESS pool asked a variety of attendees to these days, including legal experts, ACS Operators and practitioners from other pools.
- 3.3.8 Intra-pool conference calls and meetings have been arranged in order to understand progress within other pools, learn from the experiences of others, share costs where common advice is sought and where appropriate, enable the local government universe to speak with a strong, collective voice.

### **3.4 Governance and decision making**

- 3.4.1 A draft of the July submissions (joint and individual) will be brought to the June 2016 Pension Committee meeting for approval. Due to the extremely tight timescales involved in this project it is possible that further iterations of the submissions will be required after this date. As a result it was recommended and approved that the Committee delegate the power of final approval of the July submissions to the Chairman of the Pension Committee in consultation with the Head of Pensions, with the caveat that if there are any major revisions after this Committee date updated version will be circulated to all members of the Pension Fund Committee for further feedback.
- 3.4.2 It is envisaged that the Chairman/Vice-Chairman meetings will enable the Chairman, Vice-Chairman or other representatives of the Funds to make key decisions in connection with the July submission on behalf of the ACCESS pool and therefore effectively steer the content of the submission.
- 3.4.3 It is vital that Pension Committee and Pension Fund Board members are engaged in this project during this critical period and able to collectively have a voice in the shape of the ACCESS pool. It was approved that a Task and Finish Group be set up to meet in between each Chairman/Vice-Chairman meeting. Each Task and Finish Group meeting would discuss all pertinent matters at that time and would be able to feedback to the ACCESS pool via the representative attending the Chairman/Vice-Chairman meeting and/or through Officers.
- 3.4.4 The Task and Finish Group will meet each month throughout the process of the formulation of the July submission and for such period required thereafter. Membership would consist of any member of the Pensions Fund Committee and Pension Fund Board with the capacity to meet over this critical period.

### **3.5 Full Council approval**

- 3.5.1 The County Council's Scheme of Delegation to the Pension Fund Committee understandably does not include any specific powers relating to decisions around asset pooling. However in light of the unparalleled scope of the asset pooling project it was agreed that a paper is presented to Full Council seeking approval of the proposal to pool with ACCESS.

### **3.6 Costs**

- 3.6.1 The costs of the asset pooling project will be ultimately determined by the legal structure chosen by the ACCESS pool. Likewise, the savings profile is an output of the project itself and will be contingent on a variety of factors including the chosen path of transition.
- 3.6.2 However, at this stage there is a need to incur costs in order to progress the pooling project and deliver the July submission. As such, the Pensions Fund Committee approved expenditure of £60k in order to undertake the required project activity including that required to prepare the July submission. Cost estimates will be refined as the project progresses and at all times collective bargaining will be undertaken where possible, reflecting the fact that similar advice is required from many of the formative pools.

#### **4. Employers Admissions and Cessations Report**

- 4.1 The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 4.2 The Employers Admissions and Cessations Report provides an update of bodies that are admitted and requests Pension Committee approval to admit certain admission bodies to the scheme.
- 4.3 At the March 2016 Pension Committee meeting the admission of Brighter Cleaning Facilities who provide services to Braunston Primary School with effect from 1 October 2015 was noted. As a result the existing Northamptonshire County Council staff will be transferred via a TUPE arrangement to Brighter Cleaning Facilities on a Pass Through Admission arrangement.

#### **5. Risk Strategy**

- 5.1 At the March 2016 meeting of the Pension Committee a Risk Strategy was presented to the Committee and subsequently approved.
- 5.2 Good governance ensures that the Fund has an appropriate Risk Strategy which details the Fund's approach to managing risk. It outlines the risk philosophy, how risk management is implemented, responsibilities, procedures and internal controls to ensure risk is identified, analysed, controlled and monitored effectively.
- 5.3 Northamptonshire Pension Fund's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities.
- 5.4 The process involves identifying risk and looking at being proactive and reactive; looking for potential risks and by learning from past experiences. Risks can be identified through a number of means such as monitoring against the Fund's business plan. Once the potential risks have been identified, the next stage is to analyse and profile each risk. Risks are assessed by considering the likelihood of the risk occurring and the effect if it does occur, the risk rating and controls in place will be summarised on the risk register using a heat pad method.
- 5.5 Controlling the risks requires continual review to determine whether any further action is required such as the likelihood of a risk decreasing.
- 5.6 Officers are responsible for ensuring the Northamptonshire Pension Fund Risk Management process is carried out, subject to the oversight of the Pensions Committee and Pension Fund Board. It is the role of the Pensions Committee to control and monitor the risk and ascertain whether any further action is required from updates and recommendations made by Officers.
- 5.7 The risk register will be presented for approval at the June 2016 meeting of the Pensions Committee for approval. The risk register will then be presented to the Pension Fund Board for any further comments or considerations.

5.8 The risk register, including any changes to the internal controls, will be provided on an annual basis to the Pension Committee and Pension Fund Board. The Pension Committee and Pension Fund Board will be provided with updates on an ongoing basis in relation to any significant changes to risks (for example where a risk has changed by a score of 3 or more) or new major risks (for example, scored 15 or more).

## 6. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>(Objective 1)</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>(Objective 3)</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>(Objective 5)</i>

## 7. Finance & Resources Implications

7.1 Not applicable.

## 8. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with this report.		

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
There are no risks associated with this report.	

## 9. Communication Implications

9.1 Not applicable.

## 10. Legal Implications

10.1 Not applicable.

## 11. Consultation with Key Advisers

11.1 Not applicable.

## 12. Alternative Options Considered

12.1 Not applicable

### 13. Background Papers

13.1 Link to reports from the 18 March 2016 meeting of the Pension Committee:

<http://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2536/Committee/412/Default.aspx>

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Director of Finance/Section 151 Officer?	Not applicable
Has this report been cleared by Head of Pensions?	Mark Whitby – 11/4/2016
Has this report been cleared by Legal Services?	Not applicable

**NORTHAMPTONSHIRE  
PENSION FUND**



**PENSION FUND BOARD**

**25 April 2016**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>Pension Fund Annual Business Plan and Medium Term Strategy, 2016-17 to 2018-19</b>
<b>Purpose of the Report</b>	To outline the Fund's objectives for 2016-17 and provide a plan of action as to how key priorities will be achieved.
<b>Recommendations</b>	<b>The Board are asked to note the attached Pension Fund Business Plan for 2016-17 provided in the appendix to this report.</b>
<b>Enquiries to:</b>	Jo Walton, LGSS Governance and Regulations Manager Tel - 01604 367030 E-mail - <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 Good governance dictates that each Pension Fund should adopt a Business Plan detailing the Fund's objectives and setting out key priorities for the 2016-17 and in some cases, subsequent years.
- 1.2 The proposed Business Plan is attached in appendix 1.

**2. The Business Plan 2016-17**

**2.1 Executive summary**

- 2.1.1 The executive summary explains the challenges that the Fund has faced and will continue to face over recent and forthcoming years. These challenges range from the extended powers of the Pension Regulator to asset pooling in the LGPS.

**2.2 Purpose and scope of the Fund**

- 2.2.1 This section provides a high level overview of how the Fund operates in terms of its relationship with the Administering Authority through delegated responsibilities to the Pension Committee, the Scheme's administration arrangements with LGSS, the role of the Local Pension Board and the relationship with its stakeholders.

**2.3 Contextual information on the Northamptonshire Pension Fund**

- 2.3.1 This section provides the Fund's membership, assets and liabilities and investment information as at 31 December 2015 in order to provide the context behind the content of the Business Plan.

2.3.2 The section also shows cash flow projections which demonstrate that estimated contribution income is expected to exceed expenditure for the period 1 April 2015 to 31 March 2033. The section also details estimates of the fund account, investment income and expenditure and administration expenses for the period 2016-17 to 2018-19.

## 2.4 Fund Objectives

Continually monitor and measure clearly articulated objectives through business planning. *(objective 4)*

## 2.5 Key Fund activities 2016-17

2.5.1 This section details the key activities that the Fund will undertake during 2016-17. The activities are split into high level categories with a link to the relevant objective or multiple objectives as detailed below:

<b>Activity</b>	
Ensuring and maintaining regulatory compliance/best practice	<ul style="list-style-type: none"> <li>• Ensure and maintain compliance with the Pensions Regulator’s code of practice: governance and administration of public service pension schemes and the Public Service Pension Act 2013</li> <li>• Ensure Pension Committee, Pension Fund Board and Officers of the Fund have appropriate knowledge to inform and make decisions about the Fund.</li> </ul>
Ensuring and maintaining data quality	<ul style="list-style-type: none"> <li>• Review, improve and maintain data quality.</li> </ul>
Utilising technological solutions	<ul style="list-style-type: none"> <li>• Utilise Altair to provide self service facilities to scheme members and scheme employers to enable faster and more efficient exchanges of information</li> <li>• Implement and fully exploit Altair Pensioner Payroll and Immediate Payment functionality to achieve cost savings, efficient processes and increased quality of service to scheme members and other stakeholders.</li> <li>• Reduce the reliability on manual functions in favour of automated solutions.</li> </ul>
Utilising collaboration	<ul style="list-style-type: none"> <li>• Proactively participate in the creation of a multi asset pool to meet the government’s investment pooling agenda</li> <li>• Procurement of actuarial, governance and benefits consultancy service (in conjunction with Cambridgeshire Pension Fund to achieve economies of scale).</li> </ul>
Managing risk	<ul style="list-style-type: none"> <li>• Development of a Fund Risk Register that identifies all risks facing the Fund in the short, medium and long term, tracks and highlights movement in risks and links to the Fund’s</li> </ul>



	<p>objectives.</p> <ul style="list-style-type: none"> <li>Managing the risks associated with the increasing volume and diversity of scheme employers and ensures that these risks are reflected in the funding approach for each scheme employer</li> </ul>
Managing Fund performance – administration	<ul style="list-style-type: none"> <li>Undertake full review of the Administration Strategy to enable a more streamlined approach to managing poor performing employers).</li> <li>Monitor and improve stakeholder satisfaction</li> <li>Monitor and deliver required levels of administration performance for scheme employers and the service.</li> </ul>
Maintain appropriate cash flow	<ul style="list-style-type: none"> <li>Ensure employee and employer contributions are received on time for each scheme employer.</li> <li>Ensure all overpayments of pension benefits are managed in a cost effective and timely manner.</li> </ul>
Ensuring effective communications	<ul style="list-style-type: none"> <li>Deliver plain English communications</li> <li>Deliver effective and timely communications to scheme members and scheme employers, including collaborating with other LGPS Funds where appropriate.</li> </ul>
Maintaining long-term Fund solvency	<ul style="list-style-type: none"> <li>Undertake the 2016 triennial valuation of the Fund.</li> <li>Regularly monitor the funding level.</li> </ul>
Maintaining value for money	<ul style="list-style-type: none"> <li>Demonstrate that the Fund is operating in a manner that achieves value for money.</li> </ul>

## 2.6 Performance Indicators

2.6.1 Section 5 of the Business Plan details the key performance indicators that the LGSS Pensions Service will report on during 2016-17 as agreed in the Fund's Administration Strategy.

## 3. Finance & Resources Implications

3.1 Performance against the estimates of the fund account, investment income and expenditure and administration expenses estimates will be reported quarterly to the Pension Committee via the Business Plan updates.

## 4. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
No risk as it is best practice that the Fund has an approved business plan.	N/A	N/A

b) Risk(s) associated with not undertaking the proposal

<b>Risk</b>	<b>Risk Rating</b>
If the Fund does not have a Business Plan the Fund will have significant lack of direction, control and structure in the management of its business.	Red

**5. Communication Implications**

<b>Direct Communications</b>	The Business Plan will be presented to the Pension Committee at its quarterly business meetings.
<b>Website</b>	The Business Plan will be published on the Fund's website.

**6. Legal Implications**

6.1 Not applicable.

**7. Consultation with Key Advisors**

7.1 The Fund's key advisers have been consulted in the Business Plan where necessary.

**8. Alternative Options Considered**

8.1 The alternative of not having a Business Plan is not considered an acceptable alternative for the Fund.

**9. Background Papers**

9.1 Not applicable.

**10. Appendices**

**Appendix 1: Annual Business Plan and Medium Term Strategy 2016-17**

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	NO
Will further decisions be required? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Has this report been cleared by Head of Pensions?	Mark Whitby – 11/4/2016

*Annual Business Plan and Medium  
Term Strategy 2016-17 to 2018-19*

**Northamptonshire Pension Fund**



## Executive summary

The purpose of this Annual Business Plan and Medium Term Strategy 2016-2018 is to outline the Fund's objectives and provide a plan of action as to how key priorities over the next two years will be achieved in order to further these objectives.

Over the last few years the Fund has faced increasing complexities and there has been and continues to be new legislation that has fundamentally changed the way in which we work and our relationship with our stakeholders. The complexities have stemmed from but are not limited to the following;

- Asset Pooling
- Pension Regulators Code of Practice
- Increased risk monitoring
- Changes due to the implementation of a new pensioner payroll system
- Scheme Advisory Board
- Funding pressures resulting from past and present market conditions and increased longevity
- Overriding HMRC legislation
- Increased diversity of Scheme Employers resulting from alternative service provision models
- End of contracting-out of the State Second Pension (S2P – previously SERPS)
- Amending regulations

To manage these challenges the Fund needs to be flexible and responsive to adapt in a timely and effective manner.

This Business Plan also outlines the expected non-investment related Fund receipts and payments for the current financial year 2015-16, and projections for 2016-17 through to 2018-19, as well as the administration and investment expenses.

The Business Plan also details the key performance indicators by which the Fund's performance will be measured. A full listing of these indicators can be found in section 5.

Officers will update the Pension Fund Committee and the Pension Fund Board on the progress made against all aspects of the Business Plan in the Business Plan Update reports presented at each meeting.

## **Section 1 - Purpose and scope of the Fund**

The Northamptonshire Pension Fund is one of 89 Funds making up the Local Government Pension Scheme (LGPS). Northamptonshire County Council is the statutorily appointed Administering Authority for the Northamptonshire Pension Fund.

In 2014, the LGPS became a career re-valued average pension scheme having previously been a final salary pension scheme since its inception. The LGPS is principally funded by its constituent employers and members, with assistance from investment returns. Unlike other public service pension schemes, the LGPS is fully invested in financial markets and aimed to be fully funded over the long term.

### **Administration of the Fund**

In 2012, the administration of the Northamptonshire Pension Fund was converged with Cambridgeshire Pension Fund following the creation of LGSS, a joint partnership between Northamptonshire and Cambridgeshire County Councils. The Funds, however, remain as two distinct entities.

Both administration and investment activities are now fully converged and based in the Northamptonshire office. Since 2012, both Funds have benefited from cost savings through the ability to procure services such as investment consultancy and custodian services on a joint basis as well as streamlining the provision of the administration functions.

### **Governance and Management of the Fund**

The Northamptonshire Pension Committee is responsible for the proper administration of the Fund in all its aspects.

The Pension Committee has its delegation direct from full Council. The Committee's role is to set the Pension Fund objectives and determine and maintain appropriate strategies, policies and procedures with ongoing monitoring of the Fund's activities. The Pension Committee is assisted by an Investment Sub-Committee that looks at the operational governance of investment issues.

From 1 April 2015, a further layer of governance was introduced in the form of a non-decision making local pension board. The local pension board is a direct requirement of the Public Service Pensions Act 2013 and its role as defined in the Regulations is to assist the Administering Authority (Northamptonshire County Council);

- 1) to secure compliance with, the LGPS regulations, other legislation relating to the governance and administration of the LGPS; and the requirements imposed by the Pensions Regulator
- 2) to ensure the effective and efficient governance and administration of the LGPS.

## Stakeholders of the Pension Fund

Stakeholders of the Fund fall into the following categories;

- Active, deferred and retired members of the Scheme, their dependants and prospective members
- Scheme Employers
- Regulatory Bodies
  - DCLG (the responsible authority)
  - HMRC
  - Department of Work and Pensions
  - The Pensions Regulator
- Trade Unions
- Administering Authority (the Scheme Manager)
- The UK tax-payers
- Scheme Advisory Board

The Fund has a responsibility to all of its stakeholders to carry out its business in an open and transparent manner.

## Section 2 – Contextual information on the Northamptonshire Pension Fund

### Membership data

The membership profile of the Northamptonshire Pension Fund, split by active, deferred and pensioner membership as at year ending 31 March is shown below;

	2011-12	2012-13	2013-14	2014-15	2015-16 (up to 31/12/15)
Active members	16,770	17,277	18,334	19,407	20,164
Deferred members	17,027	20,129	20,887	23,377	24,817
Pensioner members	12,993	13,692	14,155	14,421	14,771
<b>Total members</b>	<b>46,790</b>	<b>51,098</b>	<b>53,376</b>	<b>57,205</b>	<b>59,752</b>

### Assets and liabilities

As of 31 December 2015 the assets of the Fund were £1.804bn which the Scheme Actuary has estimated are sufficient to meet 70.2% of the Fund's liabilities, this figure has been projected from the data used in the 2013 actuarial valuation.

### Investments

The following table shows the allocation of the Fund's assets across the different asset classes as at 31 December 2015.

Asset class	Investment in £	% of Fund
Equities	1,177.6	65.3
Alternatives	141.6	8.5
Property	159.7	8.8
Fixed income	324.9	18.0
<b>Total</b>	<b>1,803.8</b>	<b>100%</b>

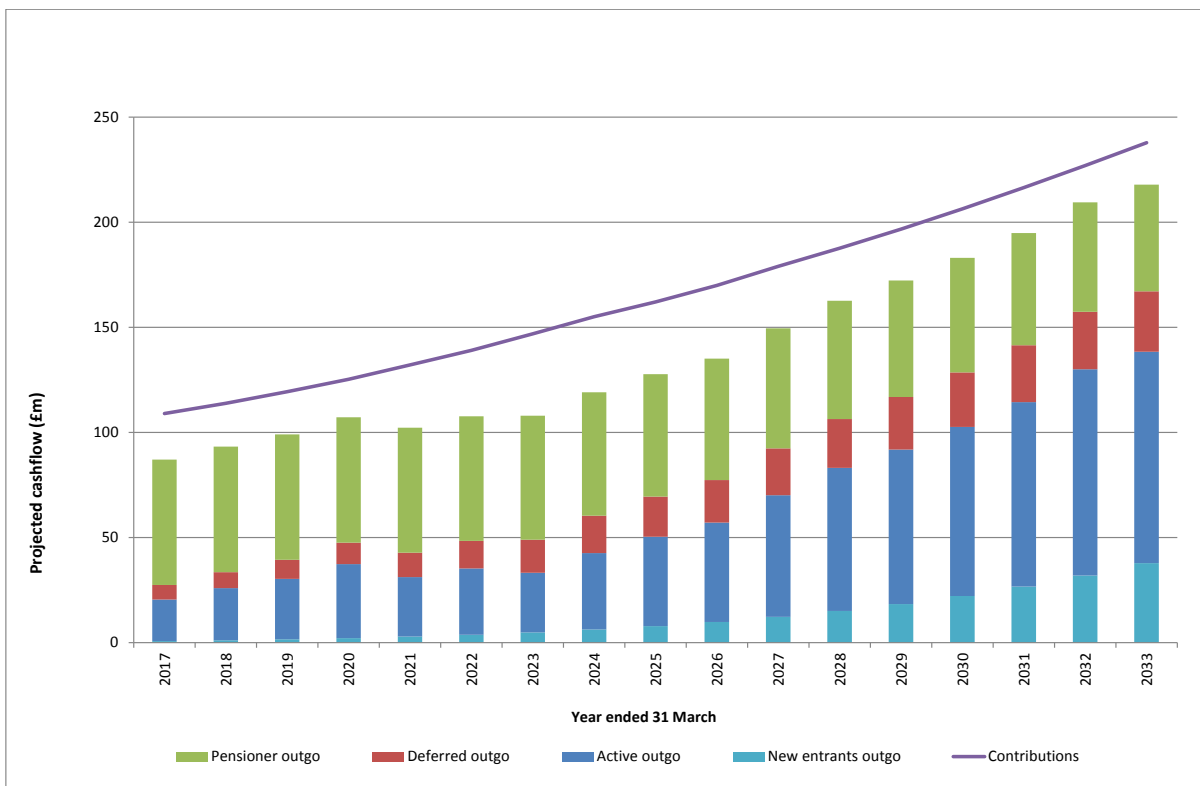
As at 31 December 2015 the Fund's assets are invested with the following managers

Manager	Asset Class	£m	%
UBS	Global Equities	378.1	21.0
UBS	UK Equity	197.4	10.9
UBS	Index Linked	154.7	8.5
Newton	Overseas Equities	302.8	16.8
Majedie	UK Equities	216	12.0

Wellington	Bonds	170.2	9.4
CBRE	Property	156.7	8.7
Baillie Gifford	Diversified Growth Fund	140.4	7.8
Skagen	Global Equities	86.3	4.8
Catapult Venture Managers	Private Equities	1.2	0.1
<b>Total</b>		<b>£1,803.8</b>	<b>100.00</b>

## Cash Flow

The following graph shows the cash flow projections from 1 April 2015 to 31 March 2033. It can be seen from the graph that estimated contribution income is expected to exceed outgo for the entire period considered. This assumes that employer and employee contributions continue to be as the actuary has predicted and the assumptions underpinning the 2013 actuarial valuation are borne out.





## Fund account, investment and administration estimates

The following tables provide estimates of the fund account, investment and administration income and expenditure for the next three years:

Northamptonshire	<b>2015-16 Estimate</b>	<b>2015-16 Forecast</b>	<b>2016-17 Estimate</b>	<b>2017-18 Estimate</b>	<b>2018-19 Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Contributions	(94,700)	(93,133)	(93,479)	(93,254)	(96,971)
Transfers in from other pension funds:	(6,000)	(1,321)	(3,400)	(3,400)	(3,400)
<b>TOTAL INCOME</b>	<b>(100,700)</b>	<b>(94,454)</b>	<b>(96,879)</b>	<b>(96,654)</b>	<b>(100,371)</b>
Benefits payable	84,200	79,514	81,530	83,083	84,668
Payments to and on account of leavers:	6,000	2,362	3,400	3,400	3,400
	90,200	81,876	84,930	86,483	88,068
<b>Management Expenses</b>	9,953	8,044	8,628	8,695	8,902
<b>TOTAL INCOME LESS EXPENDITURE</b>	<b>(547)</b>	<b>(4,534)</b>	<b>(3,321)</b>	<b>(1,476)</b>	<b>(3,401)</b>
Investment Income	(32,000)	(30,000)	(31,000)	(32,000)	(33,000)
Taxes on Income	0	0	0	0	0
(Profit) and losses on disposal of investments and changes in the market value of investments	(115,000)	44,000	(53,000)	(56,000)	(59,000)
<b>Net return on investments</b>	<b>(147,000)</b>	<b>14,000</b>	<b>(84,000)</b>	<b>(88,000)</b>	<b>(92,000)</b>
<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	<b>(147,547)</b>	<b>9,466</b>	<b>(87,321)</b>	<b>(89,476)</b>	<b>(95,401)</b>

<b>Management Expenses</b>	<b>2015-16 Estimate</b>	<b>2015-16 Forecast</b>	<b>2016-17 Estimate</b>	<b>2017-18 Estimate</b>	<b>2018-19 Estimate</b>
Total Administration Expenses	1,794	1,839	1,840	1,887	1,818
Total Governance Expenses	415	183	516	274	277
Total Investment Expenses	7,744	6,022	6,272	6,534	6,807
<b>TOTAL MANAGEMENT EXPENSES</b>	<b>9,953</b>	<b>8,044</b>	<b>8,628</b>	<b>8,695</b>	<b>8,902</b>

<b>Administration Expenses Analysis</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>Staff Related</i>	960	906	969	979	990
<i>Altair System</i>	190	240	212	216	221
<i>Communications</i>	54	52	52	53	54
<i>Other non pay and income</i>	16	7	33	63	(22)
<i>County Council Overhead Recovery</i>	574	634	574	574	574
<b>Total Administration Expenses</b>	<b>1,794</b>	<b>1,839</b>	<b>1,840</b>	<b>1,887</b>	<b>1,818</b>

<b>Investment Expenses Analysis</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>Management Fees</i>	7,474	5,336	5,576	5,832	6,101
<i>Investment Expenses</i>	270	686	696	702	706
<b>Total Investment Expenses</b>	<b>7,744</b>	<b>6,022</b>	<b>6,272</b>	<b>6,534</b>	<b>6,807</b>

## Section 3 - Fund Objectives

The objectives of the Fund have been derived around the Fund's core purpose and to ensure it is managed effectively and appropriately. All business activity will link back to the objectives to ensure relevance and purpose.

The Fund's objectives are as follows -

1. Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
2. Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
3. Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
4. Continually monitor and measure clearly articulated objectives through business planning.
5. Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
6. Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
7. Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
8. Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
9. Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
10. Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
11. Maintain accurate records and ensure data is protected and used for authorised purposes only.
12. Promote the Scheme as a valuable benefit.
13. Deliver consistent plain English communications to Stakeholders.
14. Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits.

15. Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
16. Ensure cash flows in to and out of the Fund are timely and of the correct amount.
17. Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
18. Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
19. Maximise investment returns over the long term within agreed risk tolerances.
20. Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

## Section 4- Key Fund activities 2016-17

It is essential for the Fund to demonstrate its commitment to achieving its objectives through careful planning and management of specific, measurable, achievable, relevant and timely activities.

The following activities identified for the 2016-17 financial year address each of the Fund's 20 objectives as detailed in section 3 and have been grouped into sub-headings for clarity and relevance. The table below aligns each activity to its relevant objective or more than one objective and the approach officers will take to achieve the particular activity and how the progress will be measured and reported with key dates where appropriate.

	<b>Activity</b>	<b>Fund Objectives</b>	<b>Approach to achieving/managing</b>	<b>How progress will be measured/reported</b>
<b>Ensuring and maintaining regulatory compliance/best practice</b>	Ensure and maintain compliance with the Pensions Regulator's code of practice: governance and administration of public service pension schemes and the Public Service Pension Act 2013.	1. 2. 3. 4.	To present a report to the Pension Committee and Pension Fund Board in June 2016 which demonstrates the Fund's compliance with the code of practice and Public Service Pension Act 2013 which will include a detailed plan to ensure any gaps in compliance are closed over an agreed period of time.	A report will be presented to the Pension Committee and Pension Fund Board in June 2017 to review progress made on compliance during 2016-17.
	Ensure Pension Committee, Pension Fund Board and Officers of the Fund have appropriate knowledge to inform and make decisions about the Fund.	3.	To present a revised Knowledge Management Policy to the Pension Fund Board and Pension Committee in June 2016 that supports the CIPFA Skills and Knowledge Framework.  Collate a list of relevant training events for members of the Pension Committee and Pension Fund Board to attend that supports the CIPFA Skills and Knowledge Framework.	Provide a report to the Chairman of the Pension Committee and Pension Fund Board at the end of the year on the training attended by their Committee and Board members during the year.  List of relevant training events will be an appendix to the quarterly Governance and Legislation report.

<p style="text-align: center;"><b>Ensuring and maintaining data quality</b></p>	<p>Review, improve and maintain data quality.</p>	<p>1. 4. 10. 11. 16</p>	<p>To determine compliance with The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014. To be reported to Pension Committee and Pension Fund Board in December 2016.</p> <p>To present a Data Quality Improvement Plan (as per the Pension Regulator's code of practice) to the Pension Committee and Pension Fund Board in December 2016.</p> <p>To continue to reconcile GMP data held by HMRC compared with that held on LGSS Pensions systems.</p> <p>To continue to reconcile the pensioner payroll against Altair pensioner records as a regular and ongoing function.</p>	<p>Regular updates on these activities will be reported in the quarterly Business Plan Update report.</p>
<p style="text-align: center;"><b>Utilising technological solutions</b></p>	<p>Utilise Altair to provide self service facilities to scheme members and scheme employers to enable faster and more efficient exchanges of information.</p>	<p>2. 4. 8. 10. 11. 15.</p>	<p>Throughout 2016-17 continually promote Altair Employer and Member Self Service functionality via scheme communications.</p> <p>To provide access to electronic annual benefit statements by 31 August 2016 to all active scheme members (who have not made a positive election to opt out of this service).</p>	<p>Provide an update on a range of measures as to the utilisation of both Member and Employer Self Service in the Business Plan Update report at the end of every financial year.</p>

	Implement and fully exploit Altair Pensioner Payroll and Immediate Payment functionality to achieve cost savings, efficient processes and increased quality of service to scheme members and other stakeholders.	2. 4. 10.	The draft project plan to achieve live Altair pensioner payroll processing by August 2016 is included in appendix 1.	Regular updates on the progress made against the plan will be reported in the quarterly Business Plan Update reports.
	Reduce the reliability on manual functions in favour of automated solutions.	10. 11.	Throughout 2016-17 continue to develop applications that decrease the level of manual intervention and data input and increase accuracy of data supplied by scheme employers.  Continue to utilise technology to deliver scheme employer training via the use of webinars to ensure location is not a barrier.	Provide an update on the development of automated solutions in the Business Plan Update report at the end of every financial year.
<b>Utilising collaboration</b>	Proactively participate in the creation of a multi asset pool to meet the government's investment pooling agenda.	10. 19.	Throughout 2016-17 and on-going into 2017-18 LGSS Officers to engage with Officers from other Funds to submit collaborative proposals on asset pool, for consideration by the Pension Committee.  The Chairman and Vice Chairman to participate in the governance structure of the new asset pool.  Collaboration will be a standing item on both the Pension Committee and Investment Sub Committee agendas.	Progress against the collaborative proposals to meet the government agenda on asset pooling.

	Procurement of actuarial, governance and benefits consultancy service (in conjunction with Cambridgeshire Pension Fund to achieve economies of scale).	1. 4. 10.	A detailed plan of key milestones in the procurement process to be presented to the Pension Committee and Pension Fund Board in October 2016.	Progress against the project plan will be reported in the Business Plan Update reports.
<b>Managing risk</b>	Development of a Fund Risk Register that identifies all risks facing the Fund in the short, medium and long term, tracks and highlights movement in risks and links to the Fund's objectives.	1. 2. 4. 5.	To present the Fund's Risk Strategy Policy to the Pension Committee and Pension Fund Board in March 2016 for approval.  To present the draft Risk Register to the Pension Committee and Pension Fund Board in June 2016 for approval.	Once the Risk Register has been agreed regular reports will be presented to the Pension Committee and Pension Fund Board as to any changes in risk ratings during the period.
	Managing the risks associated with the increasing volume and diversity of scheme employers and ensures that these risks are reflected in the funding approach for each scheme employer.	2. 4. 5. 6. 7. 8. 9. 17.	Throughout 2016-17:  Undertake and progress as appropriate employer covenant monitoring, liability monitoring and employer risk register projects.  Review and update admission agreements via a targeted approach.  Monitor employers with less than 5 employees to ensure a suitable exit strategy is in place.  Monitor employers contract end dates to ensure appropriate arrangements are in place.  Ensure appropriate exit strategies are in place for each employer.	Provide an update on these activities to the Pension Committee and Pension Fund Board on an annual basis with effect from March 2017.



<b>Managing Fund performance - administration</b>	Undertake full review of the Administration Strategy to enable a more streamlined approach to managing poor performing employers).	2. 4. 8. 10. 14. 15.	Present the draft Administration Strategy to the Pension Committee and Pension Fund Board in October 2016 for approval.	Delivery of the Administration Strategy following a 30 day consultation period with scheme employers.
	Monitor and improve stakeholder satisfaction.	2. 4. 8. 10. 11. 12. 13. 14. 15. 16.	Obtain Customer Service Excellence Standard.  Conduct annual scheme employer and scheme member surveys.	Progress made towards achieving the Customer Service Excellence Standard to be reported biannually via the quarterly Business Plan Update report.  Survey results to be reported in the Business Plan Update report following analysis of results.
	Monitor and deliver required levels of administration performance for scheme employers and the service.	2. 4. 8. 10.	Provide an update to the Pension Committee and Pension Fund Board on the progress made against the LGSS Pensions Service Improvement Plan.  Measure performance of scheme employers and the service against the KPIs as published in the Administration Strategy.  Take action with regards to poor performing scheme employers in line with the Administration Strategy.	Progress made against the Service Improvement Plan to be made biannually via the Business Plan Update report.  Performance against the KPIs contained in the Administration Strategy will be reported in the quarterly Business Plan Update report along with any remedial action taken.

<b>Maintaining appropriate cash flow</b>	Ensure employee and employer contributions are received on time for each scheme employer.	16.	Throughout 2016-17 monitor scheme employers' compliance with the Payment of Employee and Employer Contributions Policy.	Statistics on levels of scheme employer compliance with the policy will be included in the quarterly Business Plan Update report.
	Ensure all overpayments of pension benefits are managed in a cost effective and timely manner.	16.	Throughout 2016-17 manage overpayments in accordance with the Overpayment of Pensions Policy.	Regular updates on the recovery of overpayments of pension payments will be reported via the quarterly Business Plan Update report.
<b>Ensuring effective communications</b>	Deliver plain English communications	13.	Produce a plan by June 2016 to obtain the Plain English accreditation.	Report to the Pension Committee and Pension Fund Board via the Business Plan Update report when accreditation has been achieved.
	Deliver effective and timely communications to scheme members and scheme employers, including collaborating with other LGPS Funds where appropriate.	1. 2. 12. 13. 10. 14. 15.	To review and produce a revised Communications Plan for approval at the June 2016 Pension Committee meeting.	Report on the delivery of communications against the plan via the quarterly Business Plan Update reports.
<b>Maintaining long-term Fund solvency</b>	Undertake the 2016 triennial valuation of the Fund.	17 18 19	Adhere to the plan to deliver the valuation as detailed in appendix 2.	Regular updates on the progress made against the plan will be included in the quarterly Business Plan Update reports.

	Regularly monitor the funding level.	17.	Hymans Robertson (the Fund's actuary) produce quarterly Navigator reports that detail the funding level at the end of each quarter.	A summary of these reports will be provided in the Business Plan Update reports (where timing of receipt of report coincides with the Committee cycle).
<b>Maintaining value for money</b>	Demonstrate that the Fund is operating in a manner that achieves value for money.	10.	<p>Financial forecasts to be published in the Annual Business Plan and Medium Term Strategy at the beginning of each financial year for the following three years on both the Fund account and investment and administration expenses.</p> <p>The Fund will continue to use reports provided by State Street to inform on the Fund's investment performance.</p>	<p>Variations against the forecast of investment and administration expenses will be reported in the quarterly Business Plan Update reports.</p> <p>Actual performance of the Fund account and investment and administration expenses to be reported in the Annual Report and Statement of Accounts which is to be presented at the July meeting of the Pension Committee.</p> <p>Quarterly performance reports issued by State Street will form a standing item on the agenda of the Investment Sub-Committee.</p>

## Section 5 - Performance Indicators

Detailed below are the Key Performance Indicators that the LGSS Pensions Service will report on during 2016-17 as agreed in the Fund's Administration Strategy.

<b>Function/Task</b>	<b>Indicator</b>	<b>Target</b>
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	Percentage of employers who pay contributions to the Fund by the statutory deadline of 19 <sup>th</sup> following the month of deduction.	100%
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	Accurate year end information to be provided for all scheme members by 30 April following contribution year end.	100%
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to the Administering Authority.	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply.	95%
Notify the employer and scheme members of changes to the scheme rules.	Within one month of the LGSS Pensions Service being informed of the change.	95%
Issue annual benefit statements to active members as at 31 March each year.	By the following 31 August (pending timely receipt of satisfactory year end data from the scheme employer).	100%

**Appendix 1-High Level Draft Altair Payroll Project Plan – to enable first live payment at the end of August 2016**

<b>Timescales</b>	<b>Activity</b>
End February/Early March 2016	Heywood to supply Altair Payroll test environment to LGSS
March 2016	Heywood to produce specification for General Ledger reporting based on LGSS requirements
	LGSS to review and sign off specification
	LGSS to extract initial test data from Oracle to supply to Heywood
April 2016	Heywood to develop General Ledger reporting
	Heywood to map test data from Oracle to Altair Payroll
	Heywood to convert test data into Altair Payroll
	Heywood to test converted data in Altair Payroll
	Heywood to reconcile converted test data
May 2016	Heywood to test General Ledger reporting
	Heywood to load converted data into test environment
	LGSS to test converted data in test environment
	Heywood and LGSS to review converted test data
<i>End May 2016</i>	<i>**contingency for any reprogramming of data conversion**</i>
June 2016	Heywood to add General Ledger reporting functionality to test environment
	LGSS to supply test data from Oracle for parallel running
	Heywood to convert data into Altair Payroll
	Heywood to reconcile converted data
	Heywood to deliver data into Altair Payroll test and live environments
	LGSS to reconcile data in test and live environments
	Training: Parameters and Input
	LGSS to input new pensioner payroll data from 1 June for first parallel run
	LGSS to reconcile first Altair Payroll parallel run against Oracle payroll run
	LGSS to review first Altair Payroll parallel run
	LGSS to process first Altair parallel run
Training: Calculations, BACS, Pay Advices	
July 2016	LGSS to test General Ledger reporting functionality and sign off

	<i>**Contingency: Data extraction from Oracle, conversion and reconciliation and delivery to live environment (if required) for second parallel run**</i>
End July 2016	LGSS to supply and input data updates for second parallel run
August 2016	LGSS to reconcile, review and process second parallel run
	LGSS to extract data from Oracle for initial live payment
	Heywood to covert and reconcile data for initial live payment
	Heywood to deliver database for initial payment into live environment
	LGSS to reconcile live data supplied by Heywood
	LGSS to input data updates, reconcile and process live payment
September to December 2016	Merging of Altair Payroll database with Altair Admin database

## Appendix 2-High Level Draft Project Plan for the Triennial Valuation (2016) of the Northamptonshire Pension Fund

<b>Timescales</b>	<b>Activity</b>	<b>How and by who the work is to be carried out</b>
February 2016	Valuation Training	Provided to the Pension Committee, Pension Fund Board and LGSS Officers.
March 2016	Identify the basis for the Fund's Councils' modelling and stabilisation analysis	Head of Pensions and Employer Services and Systems Manager to confirm, with the scheme actuary, the basis on which this modelling should be carried out.
	Undertake work on employer risk profiling / categorisation and employer database	Scheme Actuary to carry out a broad assessment of scheme employers and provide an Employer database and risk register to the Employer Services and Systems Manager for review and amendment as necessary.
April 2016	Present an outline of the valuation cycle to employers	Employers to be made aware of the general time table for the valuation cycle at the next Employer Forum which has been scheduled for the 21 <sup>st</sup> April. This is being overseen by the Employer Services and Systems Manager.
		County and District Council Chief Financial Officers to be presented with the general time table at a CFO's meeting, by the Head of Pensions and the scheme actuary.
June 2016	Presentation of a report to Pension Committee addressing the results from Councils' modelling and stabilisation analysis	Head of Pensions to present the results to the Pension Fund Committee. There will be a requirement for the Committee to make a decision on the contribution strategy for the individual employers with historic stabilised contribution rates.
	Present papers on the various actuarial assumptions used for the valuation.	The Head of Pensions will present papers to the Pension Committee regarding the impact that adjustments to the different actuarial assumptions will have on the valuation results.
	Determine treatment of employers with no active members	Pension Fund Committee to decide whether to continue with or disband the "No Actives Pool" with a recommendation from the Head of Pensions.
	Funding Strategy Statement template to be amended based on guidance from CIPFA	The Scheme Actuary will make the required changes based on CIPFA guidance and the Funding Strategy Statement will be drafted as a result.

June/July 2016	LGSS Pensions to provide data to the Actuary	Financial and Membership data extracts to be provided to the Scheme Actuary by the end of June and July respectively. This process will be overseen by the Employer Services and Systems Manager.
October 2016	Receipt of whole Fund results including like for like comparison to previous years	A Whole Fund Valuation report will be provided to officers by the Scheme Actuary and a paper presented to the Pension Fund Committee.
	High level results of employer contribution strategy	A report will be provided to officers by the Scheme Actuary and a paper presented to the Pension Fund Committee.
	Present draft Funding Strategy Statement to Pension Committee and seek approval to consult with scheme employers	The Funding Strategy Statement will be drafted by the Scheme Actuary in partnership with the Employer Services and Systems Manager. This will then be presented to the Pension Fund Committee by the Head of Pensions.
	Employer consultation on the agreed Funding Strategy Statement	Employer Services and Systems Manager to oversee consultation on the Funding Strategy Statement. Employers will be informed of the consultation via e-mail and through the Pension Fund Website.
December 2016	Outcomes from Scheme Advisory Board valuation benchmarking exercise to be released	The findings from the Scheme Advisory Board benchmarking exercise will be released comparing Funds on a like for like basis. If any of the findings effect the Fund, officers will produce a report making recommendations for appropriate amendments to any Committee decisions that effect the outcome of the valuation.
	Confirm ComPASS modelling outcomes for non-council employers	Report to be provided to officers by the Scheme Actuary and a paper presented to the Pension Fund Committee.
	Final valuation results to be issued, including employer proposed rates and identification of employers who will potentially want to negotiate a different contribution rate.	Valuation results to be provided to officers by the Scheme Actuary and a report will be presented to the Pension Fund Committee.
	Finalise Funding Strategy Statement following consultation results	A report will be presented to the Pension Fund Committee, including results of the consultation and a proposed final draft of the Funding Strategy Statement. The Committee will need to approve the final Funding Strategy Statement.
January 2017	Employer Engagement following the results of the valuation	An employer forum will be held following the issue of individual employer valuation results and draft contribution rates.
January	Negotiations with individual employers	The Employer Services and Systems Manager will be responsible for engaging with



2017 to March 2017	over their proposed contribution rates	employers wishing to negotiate their proposed contribution rates.
March 2017	Individual employer contribution rates finalised	The Scheme Actuary will produce the finalised rates and adjustments certificate following negotiations with individual employers have been concluded and a paper will be presented to the Pension Fund Committee.

**NORTHAMPTONSHIRE  
PENSION FUND**



**PENSION FUND BOARD**

**25 April 2016**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>Results of the Pensions Regulator’s survey of public survey governance and administration and compliance with the code of practice</b>
<b>Purpose of the Report</b>	To inform the Pension Fund Board of the survey results and the extent to which the Northamptonshire Pension Fund has achieved compliance with the Pensions Regulator’s code of practice
<b>Recommendations</b>	<b>That the Pension Fund Board notes the content of the report and approves the proposed course of action to achieve full compliance with the Pensions Regulator’s code of practice</b>
<b>Enquiries to:</b>	Name: Jo Walton – Governance and Regulations Manager Tel: 01604 367030 E-mail: <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 Following the introduction of the Public Service Pension Act 2013, with effect from 1 April 2015 the Pensions Regulator became responsible for regulating the governance and administration of public service pension schemes and issued a code of practice for schemes to follow.
- 1.2 The code of practice sets out the legal requirements and provides practical guidance and standards that the Pensions Regulator expects of those in charge of the governance and administration of public service pension schemes.
- 1.3 Between July and November 2015 the Pensions Regulator conducted a survey of all public service pension schemes to baseline the standard to which they are being run in accordance with the code of practice.
- 1.4 It is important to note that participation in the survey was voluntary and that only 48% of schemes responded. Officers of LGSS did submit a response on behalf of the Northamptonshire Pension Fund.
- 1.5 The Pensions Regulator will be using the information collected through the survey for regulatory purposes and will develop individual scheme risk profiles.
- 1.6 The Pensions Regulator has now published the findings from this survey which are detailed in section 2 of this report alongside the level of compliance against the code of practice as demonstrated by the Northamptonshire Pension Fund.

## 2. The Pensions Regulator’s public service governance and administration survey results

2.1 The survey results show that on the whole, public service schemes are progressing well in terms of understanding the new requirements and setting up processes. Respondents to the survey reported high levels of awareness and understanding both the governance and administration requirements introduced by the Acts and the code of practice. The results and the current level of compliance as demonstrated by the Northamptonshire Pension Fund are detailed below along with the course of action officers will take to reach full compliance.

Survey results	Extent of compliance at Northamptonshire Pension Fund	Comments
90% have established a pension fund board	Fully compliant	The Northamptonshire Pension Fund Board held its first meeting on 7 July 2015 and has met again in October and January with the next meeting scheduled for April 2016.
78% have policies to help members acquire and retain knowledge	Fully compliant	Pension Committee - Knowledge Management Policy (2013) in place – to be reviewed and presented to Pension Committee for approval in June 2016.
	Fully compliant	Pension Fund Board – Knowledge Management Policy specific to Pension Fund Board members was approved in July 2015 and will be reviewed during 2016-17.
87% have a conflicts policy and procedure for board members	Partially compliant	Pension Committee - Potential conflicts of interest are noted at the beginning of each meeting for non-county councillor representatives. County Councillors declare potential conflicts of interest annually and this is recorded and published by Democratic Services. A Fund specific Conflicts of Interest policy will be presented to the Pension Committee for approval in June 2016.
	Fully compliant	Pension Fund Board – Conflicts of Interest policy established at the October 2015 meeting of the Pension Fund Board.
87% have procedures for publishing information (about the Pension Fund Board)	Not compliant	Information is published about the Pension Fund Board but there is no set procedure in place for doing this. This will be explored during 2016-17.
76% have documented procedures for assessing and managing risk	Partially compliant	A formal Risk Strategy will be presented at the Pension Committee for approval at the March 2016 meeting. A revised and comprehensive Risk Register will be presented for approval at the June 2016

82% have a risk register  56% assess their risks at least quarterly		meeting of the Pension Committee. Every report presented to the Pension Committee details the risks associated with undertaking or not undertaking the proposed recommendation(s).
77% have record-keeping policies and procedures for all members	Partially compliant	A formal policy will be developed during 2016-17 following the production of the Data Improvement Plan which is to be presented at the December 2016 meeting of the Pension Committee.
97% have a process for monitoring payment of contributions	Fully compliant	The Payment of Employee and Employer Contributions Policy was approved at the December 2015 meeting of the Pension Committee and will be effective for scheme employers with effect from 1 April 2016.
55% have procedures for identifying and assessing law breaches	Fully compliant	The Reporting Breaches of the Law to the Pensions Regulator Policy was approved following the October 2015 meeting of the Pension Committee.
<50% have reviewed their scheme against the standards (detailed in the code of practice)  <33% have a plan in place to secure compliance with the Public Service Pension Act 2013	Not compliant	A full review of the Fund's compliance with the Pensions Regulator's code of practice and the Public Service Pension Act 2013 will be presented to the Pension Committee at the June 2016 meeting.
44% have measured against the record keeping requirements	Not compliant	Although informal measurements have been undertaken a complete assessment will form part of the report to be presented to Pension Committee in December 2016 which will demonstrate the level of compliance with The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.
27% have carried out data cleansing	Partially compliant	Pensioner membership data is currently being reconciled as a result of the end of contracting out and to enable a smooth transition from Oracle payroll to Altair payroll in August 2016. The Data Improvement Plan which is to be presented at the December 2016 meeting of the Pension Committee will address how active and deferred membership data will be reconciled.

### **3. The Pensions Regulator's powers in respect of non-compliance**

- 3.1 In June 2015 the Pensions Regulator issued a document entitled "Compliance and enforcement policy for public service pension schemes".
- 3.2 The policy sets out the Pensions Regulator's expectations for compliance with relevant legal requirements as set out in the code of practice and how the Pensions Regulator will proceed in cases of non-compliance and when it may use its enforcement powers.
- 3.3 Where the Pensions Regulator identifies non-compliance the initial focus will be on educating and enabling schemes to improve standards of governance and administration – particularly in the early stages of the new regulatory regime as schemes reform and adapt to meet the new legal requirements.
- 3.4 Where those responsible for the governance and administration of public service pension schemes fail to address poor standards resulting in non-compliance with the law, the Pensions Regulator may consider escalating their activities and taking enforcement action.
- 3.5 Depending on the nature of the non-compliance the Pensions Regulator has within its powers the ability to implement the following enforcement action can range from:
  - 3.5.1 Statutory Compliance Notices - in the form of improvement notices which require specific action to be taken within a certain time and third party notices which require specific action to be taken or indeed ceased within a certain time if a contravention of pensions legislation is a direct result of a third party. Non-compliance with a statutory notice may result in a financial penalty.
  - 3.5.2 Civil Penalties – the Pensions Regulator has the power to impose penalties (under section 10 of the Pensions Act 1995) up to the value of £5,000 per breach in the case of an individual and up to £50,000 in any other case.

### **4. Next steps**

- 4.1 To demonstrate the Fund's compliance with the requirements of the Pensions Regulator and the Public Service Pension Act 2013 a checklist will be produced by officers. The checklist will detail the approach to achieving and maintain compliance and when the levels of compliance will be reviewed. This will be presented to the Pension Committee for approval at the June 2016 meeting.
- 4.2 All the areas where the Fund has not achieved full compliance has been captured in the key activities in the Business Plan and Medium Term Strategy which has been approved at the 18 March 2016 meeting of the Pension Committee.
- 4.3 In addition, the Pensions Regulator will be issuing tools to assist schemes in their assessment of the extent to which they are complying with the code of practice during 2016.

## 5. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

## 6. Finance & Resources Implications

- 6.1 LGSS Pensions Service should not require any additional resources to carry out the activities detailed in section 2 of this report although advice from the Fund's governance consults may be required from time to time.

## 7. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with the plans to achieve full compliance with the requirements of the Pensions Regulator's code of practice and the requirements of the Scheme Advisory Board and Public Service Pension Act 2013.	N/A	N/A

- b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Failing to comply with the requirements of the Pensions Regulator, Scheme Advisory Board and Public Service Pension Act 2013 may result in the Pensions Regulator taking action to improve standards as detailed in section 3 of this report.	Red

## 8. Communication Implications

<b>Induction</b>	All new Pension Committee and Pension Fund Board members are provided with a copy of the Pensions Regulator's code of practice and associated policies belonging to Pension Committee.
<b>Website</b>	All policies are available on the LGSS Pensions Service website.

## 9. Legal Implications

9.1 Failing to comply with the Public Service Pension Act 2013 would be regarded as a breach of the law.

## 10. Consultation with Key Advisers

10.1 Not applicable for this report.

## 11. Alternative Options Considered

11.1 There are no alternative options to be considered.

## 12. Background Papers

12.1 The Pensions Regulator Code of Practice  
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

12.2 Compliance and enforcement policy for public service pension schemes.  
<http://www.thepensionsregulator.gov.uk/docs/compliance-policy-public-service-pension.pdf>

## 13. Appendices

### Appendix 1: Public service governance and administration survey: summary of results and commentary

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Director of Finance/Section 151 Officer?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 6/4/2016

# Public service governance and administration survey

Summary of results and commentary



## Foreword

The Public Service Pensions Act 2013 (NI 2014) introduced a number of changes for public service pension schemes, which provide pensions for the armed forces, local government, NHS, teachers, civil servants, the police force, firefighters and the judiciary.

Between them these schemes represent around 13 million members and approximately 28,000 employers, and we recognise they face a significant challenge in implementing the reforms to benefit design alongside new governance arrangements.

High standards of governance and administration are essential to ensure that schemes operate effectively and efficiently, and provide the right benefits to the right person at the right time.

A well run scheme should provide members with a high standard of service and a clear understanding of the benefits they will receive, allowing them to plan for their future. Good governance and administration also help government and the public to have confidence that the cost of public service schemes is correctly accounted for.

Between July and September 2015, we conducted a survey of all public service schemes to baseline the standard to which they are being run. I am pleased to introduce this report which sets out our thoughts on the results of the survey and our priorities for action.

The results tell us that progress is being made – nine in ten respondent schemes have established their pension boards, and schemes have done well in setting up new processes. However, the governance and administration standards of some schemes still fall short of standards we expect, and we urge schemes to take immediate action to identify gaps and put plans in place to resolve issues.

In the next year, part of our focus will be to ensure that every scheme reaches a basic level of compliance, having registered with us and published information about their pension boards. We also expect all schemes to have assessed themselves against the law and our code of practice, and we will be launching a self-assessment tool to help schemes achieve this.

We will work to understand how well schemes are addressing the three areas we judge to be of greatest risk in the current landscape – internal controls, scheme record-keeping, and the provision of accurate, timely and high quality communications to members.

We will continue to work with scheme managers, pension boards, and others involved in running public service schemes and provide a range of educational tools to support them in their duties.

I would like to thank all schemes who took part in the survey, as you have helped us gain a good understanding of the landscape. We aim to work openly and collaboratively with schemes and we will engage further with schemes who did not take part to ensure their lack of engagement does not reflect a lack of compliance.

Thank you for taking the time to read this report – I hope you find it useful and informative.



Andrew Warwick-Thompson  
Executive Director for Regulatory Policy

## Background

The Public Service Pensions Act 2013 (PSPA13) and Public Service Pensions Act (Northern Ireland) 2014 (PSPANI14) introduced new requirements for the governance and administration of public service pension schemes. In April 2015, we commenced our expanded role to regulate these schemes.

Our role is to regulate the in relation to governance and administration of public service pension schemes to improve standards and drive compliance with legal requirements. Our focus is to work with scheme managers, pension boards and others involved with public service schemes to help them become compliant. Our approach generally is to educate and enable in the first instance, but where a scheme manager or pension board member (or other person responsible) fails to comply with their duties we will consider using our powers.

## The survey

In summer 2015, we conducted a survey of all public service schemes to assess how they are meeting the governance and administration legal requirements and the standard to which they are being run. The survey reflected the key tools and processes we consider to be benchmarks for good practice, as set out in the 'practical guidance' sections of our code, and could be used as a tool for the schemes to identify areas where action may be needed.

This report accompanies the full research report which sets out the responses to all survey questions.

Participation in the survey was voluntary, with 48% of schemes responding. This translates to approximately 85% of public service scheme members, and provides us with a good overview of the public service pensions landscape.

Information collected through the survey will be used for regulatory purposes where responses were not provided anonymously. We will use these to develop individual scheme risk profiles. Where schemes did not participate in the survey, we will consider there is a risk of non-compliance until we have collected information about the progress they have made.



Our role is to regulate public service pension schemes to improve standards and drive compliance with legal requirements.

# Overview of results

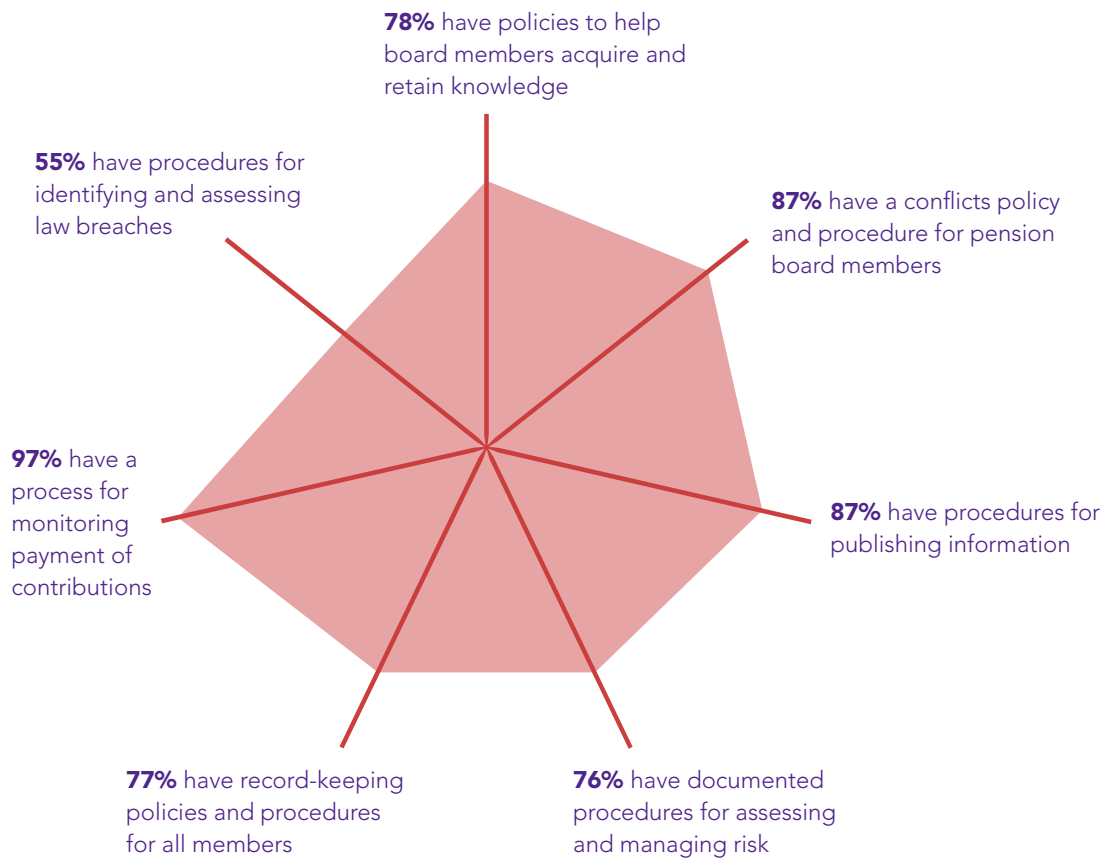
## Progress on processes

The results of the survey show that, on the whole, public service schemes are progressing well in terms of understanding the new requirements and setting up processes. Respondents to the survey reported high levels of awareness and understanding of both the governance and administration requirements introduced by the Acts and our code of practice:

- ▶ 97% reported high awareness of the requirements in the Acts, and 87% reported good understanding.
- ▶ 93% reported high awareness of our code, and 84% reported good understanding.

There were also high levels of reported processes in place against most areas of the code.

### Results overview



- ▶ 78% of schemes reported having developed policies and arrangements to help pension board members fully understand their roles, responsibilities and duties.
- ▶ 87% of schemes have a conflicts policy and procedure in place for pension board members.
- ▶ 87% of schemes reported having procedures in place to ensure that information about the pension board which must be published is published and kept up to date.
- ▶ 76% had documented procedures for assessing and managing risk.
- ▶ 77% had policies and processes in place to monitor data on an ongoing basis to ensure that it is accurate and complete in relation to all relevant member and beneficiary categories.
- ▶ 97% had a method or process for monitoring the payment of contributions to the scheme.

The lowest result in terms of processes was around reporting breaches, where only 55% of schemes reported having procedures in place to enable the scheme manager, pension board members, and others who have a duty to report, to identify and assess breaches of the law.

Identifying and assessing breaches of the law is critical both in terms of fulfilling the legal duty to report breaches to us and in reducing risk, so it is important that schemes address this issue. Whilst we will strive to regulate proactively and investigate issues we consider to be high risk, reporting breaches is a key means by which we are made aware as soon as possible when things are going wrong. Accordingly, we urge schemes to establish and operate appropriate and effective procedures to help them meet their legal obligation. Our code provides guidance on this matter.

In addition, we expect well-run schemes to have in place appropriate tools and processes for all nine areas addressed in our code – but only 43% of schemes reported having all the processes outlined above in place.

We also expect schemes to ensure that any processes developed are kept under regular review to ensure they remain effective and fit for purpose. According to the survey, only 72% of schemes review/will review the effectiveness of their risk management and internal control systems at least annually, and over 10% of schemes report they never review their internal dispute resolution arrangements.

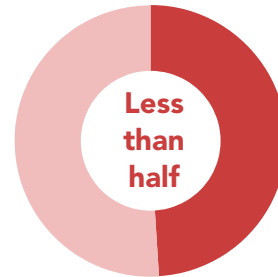
## Need to take action

In contrast to the good progress made on setting up processes, the survey shows that schemes are slow or have yet to take action in key governance and administration areas and are still in the early stages of assessing themselves against the legal requirements and standards in the code.



**9/10**

have established a pension board



have reviewed their scheme against the standards



### Less than a third

have a plan in place to ensure compliance with the Public Service Pensions Act 2013



- ▶ 44% have measured against the record-keeping requirements
- ▶ just over a quarter have done data cleansing



**76%** of schemes have procedures in place to manage risk

**82%** have a risk register

Only **56%** assess their risks at least quarterly

- ▶ While over nine in ten schemes have established a pension board, only 28% of schemes have a plan in place and are addressing key issues to ensure compliance with the new requirements.
- ▶ Only 44% have reviewed their scheme against the practical guidance and standards set out in our code of practice.
- ▶ Only 45% of schemes have measured themselves against the requirements of the record-keeping regulations.
- ▶ Only 27% have as a result undertaken a data cleansing exercise. More generally, only 71% have conducted a data review exercise in the last year.
- ▶ While 76% of schemes have procedures in place to manage risk, and 82% report having a risk register, only 56% assess their risks either quarterly or monthly.



We recognise the complexity and diversity of the landscape.

## Differences between schemes

Though the data in this commentary are presented at an aggregate level for all public service schemes, we recognise the complexity and diversity of the landscape. Schemes vary in their governance structures, employer profiles, size and funding arrangements and each scheme will have its own needs and capabilities, and face its own challenges in implementing the reforms.

This is supported by the findings which show differences between scheme cohorts. In particular, the survey suggests that fire and rescue schemes have not made as much progress in taking steps to meet the new requirements as other schemes, whether in setting up processes or taking specific action. Over the next year, we will engage with these schemes' managers, pension board members, and other stakeholders to identify barriers to progress and support them in meeting their duties.

## Next steps

This research draws out the continuing significant task faced by schemes in implementing the major reforms. However, schemes need to ensure they comply with the legal requirements and should strive to deliver better outcomes for members.

Over the next year, we will be looking to ensure that every scheme reaches a basic level of compliance, as well as looking at the effectiveness of processes in areas we have identified as being of greatest risk in the current landscape: internal controls, scheme record-keeping and the provision of accurate and high quality communications to members.

In terms of basic compliance, it is critical that all schemes have:

- ▶ fulfilled their requirement to register with us
- ▶ established their pension board
- ▶ published information about the board, which will provide more transparency to members on the governance of the scheme

Schemes also need to have:

- ▶ assessed themselves against the requirements set out in legislation
- ▶ assessed themselves against the standards set out in our code
- ▶ identified any gaps
- ▶ begun to put plans in place to address any issues

In addition to the code and our public service toolkit, we would like schemes to use this survey to assess themselves. We will also be launching a self-assessment tool in 2016. We urge schemes to use these tools to help them identify any problems and take swift action to make improvements. We are concerned that the failure of 52% of schemes to engage with the survey may reflect a lack of compliance, and we will be engaging with these schemes to determine their compliance profile. We expect all schemes to respond to our requests for information.

We plan to look at schemes' processes in the key risk areas over the next year, focusing on:

- ▶ the effectiveness of these processes and actions in driving good outcomes
- ▶ the efficiency and reliability of these processes
- ▶ how good practice in one scheme can help inform others with poorer practices

Public service schemes have complex governance structures, where responsible authorities and scheme advisory boards will also have a role in helping scheme managers achieve compliance. We will be working throughout the year with these various bodies to ensure that our respective efforts are applied in the most effective way and to minimise the burden on schemes.

In spring 2016, we will check how schemes are doing and we expect them to have made significant progress. Looking ahead, we plan to publish an annual assessment of governance and administration standards and practices in public service schemes in order to bring greater transparency to the progress being made.

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Free online learning for those running public service schemes

### **Public service governance and administration survey**

Summary of results and commentary

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The Pensions  
Regulator



**NORTHAMPTONSHIRE  
PENSION FUND**



**PENSION FUND BOARD**

**25 April 2016**

**Report by: THE HEAD OF PENSIONS**

<b>Subject:</b>	<b>LGSS Pensions Service Administration Performance Report</b>
<b>Purpose of the Report</b>	To present the Administration Performance Report to the Pension Fund Board
<b>Recommendations</b>	<b>The Pension Fund Board are asked to note the Administration Performance Report</b>
<b>Enquiries to:</b>	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 One of the core functions of the Pension Fund Board (the Local Pension Board) is to ensure the effective and efficient governance and administration of the Scheme. This report demonstrates a number of key areas of administration performance for consideration by the Pension Fund Board.

**2. Administration Reporting**

**2.1 Receipt of Employee and Employer Contributions**

- 2.1.1 The following table shows the percentage of employers in the Northamptonshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late (after the 19<sup>th</sup> of the month following deduction) for the period 1 April 2015 to 29 February 2016.

<b>Month/Year</b>	<b>% of Employers Paid on Time</b>	<b>% of Employers Paid Late</b>	<b>% of Employers that Submitted Schedule on Time</b>	<b>% of Employers that Submitted Schedule Late</b>
April 2015	96.9	3.1	86.3	13.7
May 2015	96.9	3.4	92.8	7.2
June 2015	96.4	3.6	89.5	10.5
July 2015	97.1	2.9	93.8	6.2
August 2015	97.4	2.6	90.3	9.7
September 2015	97.9	2.1	92.8	7.2

October 2015	97.9	2.1	93.9	6.1
November 2015	97.9	2.1	94.9	5.1
December 2015	98.6	1.4	93.1	6.9
January 2016	97.6	2.4	97.6	2.4
February 2016	98.0	2.0	95.3	4.7
<b>Average for period</b>	<b>97.5</b>	<b>2.5</b>	<b>92.8</b>	<b>7.2</b>

2.1.2 Persistent late payments and submission of accompanying payment schedules are monitored closely and officers work in close liaison with scheme employers and third party payroll providers to resolve issues. The Payment of Employee and Employer Contributions Policy came into force on 1 April 2016 to ensure scheme employers are aware of the consequences of not meeting their statutory obligations and are aware in advance of the ramifications of persistent non compliance.

2.1.3 There has been one employer in the Fund who has persistently paid late and subsequently this employer has been reported to the Pensions Regulator on several occasions. The sponsoring authority has published a proposal document in regards to the future of the service and an outcome is being awaited. If no action has been taken by the sponsoring authority before 30 April 2016 and the employer has not paid all monies owed, a recommendation will be made to terminate their admission agreement leaving them ineligible to be an active employer in the Fund.

## 2.2 Overpayments of Pension

2.2.1 The table below shows all the overpayments of pension that have occurred, split by categories of explanation, during the period 1 April 2015 to 31 December 2015.

Overpayment Type	Action	Amount	Total
<b>Retirement</b>	Written off	£10.50	£39,656.90
	Recovery	£38,916.16	
	Recovered	£730.24	
<b>Death of a Pensioner/Dependant</b>	Written off	£6,677.41	£15,471.61
	Recovery	£7,098.01	
	Recovered	£1,696.19	
<b>Eligibility to a child's pension ceasing</b>	Written off	£0	£333.07
	Recovery	£333.07	
	Recovered	£0	

2.2.2 Overpayments upon retirement are infrequent and are usually linked to isolated administration errors. However, one overpayment case was the result of an overturned employer decision where the employee was reinstated upon appeal. In this case the overpayment totalled £38,381.62 (which is both the overpaid pension and retirement lump sum). An invoice has been raised to recover this overpayment.

2.2.3 The overpayments of pension occurring as a result of a death of a scheme member are usually unavoidable and are a result of the notification of the death being received after the point in which it is possible to stop the pension payment for that particular month. In these circumstances an overpaid pension with a value of less than £250 is written off in line with the Overpayments of Pension Policy.

2.2.3 Invoices are raised for all overpayments on the death of a scheme member or dependant. Overpayments occurring in retirement are either recovered via an invoice or by reducing the value of the ongoing pension over the length of time the overpayment occurred or longer to ensure the member is not seriously financially disadvantaged.

### 2.3 Key Performance Indicators – LGSS Pensions Service

2.3.1 The Pension Committee has agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions Service.

2.3.2 The performance against the key performance indicators for the period 1 May 2015 to 29 February 2016 are detailed in the table below.

KPI	Target	May - Jul	Aug - Oct	Nov - Jan	Feb	Comment
Notify leavers of deferred benefit entitlement. (Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information)	90%	99%	94%	92%	90%	
Payment of retirement benefits from active employment. (Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later).	95%	96%	99%	100%	100%	
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	100%	99%	97%	100%	
Provide a maximum of one estimate of benefits to employees per year on request. (Estimate in agreed format provided within 10 working days from receipt of all information).	90%	87%	77%	84%	89%	See 2.3.3
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	95%	69%	92%	100%	See 2.3.4
Notify the employer and scheme members of changes to the scheme rules. (Within one month of the LGSS Pensions Service being informed of the change).	95%	100%	N/A	N/A	100%	

Issue annual benefit statements to active members as at 31 March each year. (By the following 31 August - pending timely receipt of satisfactory year end data from the scheme employer).	<b>100%</b>	98.84 %	N/A	N/A	N/A	See 2.3.5
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2.3.3 The Fund experienced an 80% increase in estimate requests when compared to the same periods for the previous year and resourcing this exponential increase in volume with skilled staff has been a challenge. The amount of estimates being requested has now started to ease and this is reflected in the increased performance in this area.

2.3.4 Providing a transfer in quote to scheme members has also not reached the desired level for this year and this is due to an increase in workload on the team due to Freedom of Choice legislation. The volume of requests increased significantly prior to the legislation coming into force to allow decisions to be made without the regulatory need for members to obtain financial advice at the beginning of the year which has had a knock on effect to the workload of the team. There was also staff rotation in this team leading to additional training and support needed to be provided for the long term sustainability for the section.

2.3.5 A very small percentage of annual benefit statements were not issued due to inaccurate or non submission of year end data from the employer. A concentrated effort on obtaining year end data from employers between 1 May 2015 and 15 July 2015 resulted in a high percentage of statements being issued.

## 2.4 Key Performance Indicators – Scheme Employer Performance

2.4.1 The following key performance indicators, as agreed by the Pension Committee, are based on the performance of the scheme’s employers for the period 1 May 2015 to 29 February 2016 are detailed in the table below.

KPI	Target	May - Jul	Aug - Oct	Nov – Jan	Feb	Comment
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority. (Contributions to be received by individual employers by 19 <sup>th</sup> calendar day of month after deduction and statement/schedule were received by the same date as payment).	<b>100%</b>	93%	94.3%	96%	96.65%	See 2.4.2

Provide LGSS Pensions Service with accurate year end information in the prescribed format. (Accurate year end information to be provided for all scheme members by 30 April following contribution year end).	<b>100%</b>	41.5%	N/A	N/A	N/A	See 2.4.3
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to the Administering Authority. (Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply).	<b>95%</b>	44%	66.7%	66.7%	66.7%	See 2.4.4

2.4.2 Employer performance continues to be managed by officers of the Fund and progress continues to be made. Close liaison with employers in regards to the timely submission of both payments and schedules in order for them to meet statutory compliance.

2.4.3 A total of 56.81% of year end submissions were received on time of which only 41.53% were on time and in the correct format. One large payroll provider who is responsible for submitting 20% of the Northamptonshire Pension Fund contribution data did not submit their data until 5 May. A concentrated effort in obtaining year end data from employers between 1 May 2015 and 15 July 2015 resulted in a high percentage of statements being able to be issued.

2.4.4 The pension service and the large payroll providers have been in discussions regarding the requirements for receiving new starter and variation information. This has resulted in progress in this area but continues to be managed to reach a satisfactory level.

## **2.5 Internal Audit Update 2015-16 and Plan 2016-17**

2.5.1 At the March 2016 meeting of the Pension Committee, Paul Clarke, Audit and Risk Manager, LGSS Internal Audit presented a report describing the internal audit work undertaken and in progress, covering process convergence and the adequacy of design and implementation of controls for the administration of the Pensions Services of Cambridgeshire and Northamptonshire Pension Funds.

2.5.2 The work of Internal Audit complements and supports the work of external auditors in forming their opinion on the financial accounts. Internal audit work is coordinated with the external auditors and they place reliance on the work of internal audit to reduce the level of testing they undertake themselves. This reduces overall costs by avoiding unnecessary duplication of effort and supports delivery of an efficient and effective service.

2.5.3 Internal Audit completed and reported to management their review of the design and operation of controls in the converged processes being shared by Cambridgeshire and Northamptonshire for 2014-15. The final report was issued and the results were shared with the external auditors to support their work on the financial statements and reported to this committee in June 2015. Whilst the testing did identify some cases of non-compliance, Internal Audit were satisfied overall with the design and application of controls. Based upon this they gave a substantial assurance opinion and agreed an action plan to strengthen further the controls and improve compliance. The results in each process area are summarised in the following table:

<b>Process Area</b>	<b>2014-15</b>
New members	Moderate
New pensioners	Substantial
Deferred pensioners	Substantial
Transfers in	Substantial
Transfers out	Substantial
Contributions	Moderate
Reconciliations	Moderate
Systems and User Access	Substantial
<b>Overall Level of Assurance</b>	<b>Substantial</b>

2.5.4 The implementation of the agreed actions arising from the 2014-15 report has been monitored during the year and all actions have been implemented. Effective implementation will be verified as part of the 2015-16 audit.

2.5.5 The 2015-16 audit is currently being undertaken. This will assess the design and operation of controls covering the administration of both the Cambridgeshire and Northamptonshire Pension Funds. Testing is designed to provide management with reasonable assurance that there are appropriate controls in place to effectively mitigate the following risk areas:

- Risk 1 – Pension payments are not made in accordance with the LGPS and council policy (including rates, annual uplift, lump sums, pensions, deferred pensions, early retirements, annual pension statements);
- Risk 2 – Pension payments are not recorded properly and not accounted for correctly;
- Risk 3 – New members are not set up on a timely basis and do not receive appropriate information;
- Risk 4 – Contributions and accompanying schedules are not received on time or are not correct; (includes employee and employer contributions and additional contributions from all scheme employers);

- Risk 5 – Transfers in and out of the scheme are not subject to appropriate checks and authorisation;
- Risk 6 – Reconciliations are not completed i.e. between Altair and Oracle and also for the Pensions bank account;
- Risk 7 – Performance of the service provided is not monitored and reviewed;
- Risk 8 – User access is not reviewed and so staff may have inappropriate access to the pensions system.

2.5.6 The finalised results of this audit will be reported to the June 2016 meeting of the Pension Committee and will also be shared with external auditors to support their work.

2.5.7 The next annual audit of the administration of the LGSS Pension Service will be undertaken during 2016-17. Testing will be undertaken in the final quarter of the 2016-17 financial year to give assurance on the operation of controls across the whole period.

2.5.8 The testing will be designed to satisfy the requirements of Cambridgeshire external auditors (BDO) and Northamptonshire external auditors (KPMG).

2.5.9 There is additional risk this year relating to the move from Oracle to the Altair payroll system. This is due to be implemented by August 2016. Internal Audit will undertake an additional audit of this project to provide assurance that the risks in the project are effectively managed and that the design of controls for the new system is adequate. Testing of the application of the new controls will then form part of the annual audit.

### 3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

### 4. Finance & Resources Implications

4.1 The financial and resource implications are set out in the Business Plan.

## 5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with managing the administration performance of the scheme.	Key areas of control to be reported to the Pension Committee and Pension Fund Board are highlighted in the Fund's Business Plan.	Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
If the Fund does not monitor and report administration standards the Fund will not demonstrate that it has appropriate control over the management of its core functions.	Amber

## 6. Communication Implications

<b>Direct Communications</b>	The Fund publishes its performance against the key performance indicators in the regular reports to the Pension Committee and Pension Fund Board and in the Fund's Annual Report.
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## 7. Legal Implications

7.1 Not applicable

## 8. Consultation with Key Advisers

8.1 Consultation with the Fund's advisers was not required for this report.

## 9. Alternative Options Considered

9.1 Not applicable

## 10. Background Papers

N/A

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 15/4/2016



# NORTHAMPTONSHIRE PENSION FUND



## LOCAL PENSION BOARD

25 April 2016

Report by: THE DEMOCRATIC SERVICES MANAGER

<b>Subject:</b>	<b>Annual Report of the Local Pension Board</b>
<b>Purpose of the Report</b>	To consider the draft annual report of the Local Pension Board and recommend its submission to full council.
<b>Recommendations</b>	<b>The Pension Fund Board are asked to review, comment on and approve its annual report.</b>
<b>Enquiries to:</b>	Paul Hanson – LGSS Democratic Services Manager Tel: 01604 366813 e-mail: <a href="mailto:phanson@northamptonshire.gov.uk">phanson@northamptonshire.gov.uk</a>

### 1. Background

- 1.1 The Local Government Scheme Advisory Board Guidance on the creation and operation of Local Pension Boards in England and Wales suggests that it would be good practice for the Local Pension Board to consider publishing an annual report of the Board's activities for that year. It is consistent with good governance practices that the Board should submit this report to the the Council in its capacity as the Administering Authority.
- 1.2 A copy of the draft Local Pension Board Annual Report is attached at Appendix 1. The report provides a summary of the work of the Board. The Board is asked to consider the Annual Report and raise any comments accordingly. Once finalised, the Annual Report will be presented to the Pension Committee in May and full Council in October. The report will also be published on the Council's website and the Pension Fund website.

### 2. Content

- 2.1 Much of the Board's activities to date have been occupied with putting in place the policies and procedures necessary for its satisfactory operation according to statutory requirements and guidance issued by the Pensions Regulator and the Local Government Scheme Advisory Board.
- 2.2 It is therefore suggested that the Board's first annual report focuses on these areas in order to provide assurance to the Administering Authority that the Board is operating within the relevant statutory provisions and best practice principles.
- 2.3 The Board agreed the suggested topics for inclusion at its last meeting. To recap, the annual report focuses on:
  - The Constitution/Terms of Reference and membership of the Board;
  - The Code of Conduct and Conflicts Policy and progress against this;

- The Knowledge Management Policy and progress against this;
- The Reporting Breaches of the Law to the Pensions Regulator Policy;
- Governance Compliance Statement; and
- Details of the Board’s work programme, including the progress it has made and its plans for the 2016-17 period.

#### 4. Relevant Pension Fund Objectives

Perspective	Outcome
<b>Funding and Investment</b>	<ul style="list-style-type: none"> <li>• To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions.</li> <li>• To ensure that sufficient resources are available to meet all liabilities as they fall due.</li> <li>• To maximise the returns from its investments within reasonable risk parameters.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.</li> <li>• Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>• Promote the Scheme as a valuable benefit.</li> <li>• Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders’ understanding.</li> <li>• Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits.</li> <li>• Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately.</li> <li>• Look for efficiencies in delivering communications including through greater use of technology and partnership working.</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>• Provide a high quality, friendly and informative administration service to the Funds’ stakeholders.</li> <li>• Administer the Funds in a cost effective and efficient manner utilising technology.</li> <li>• Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds.</li> <li>• Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.</li> <li>• Ensure benefits are paid to, and income collected from, the</li> </ul>

Perspective	Outcome
	<p>right people at the right time in the right amount.</p> <ul style="list-style-type: none"> <li>• Maintain accurate records and ensure data is protected and has authorised use only.</li> <li>• Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.</li> </ul>

**5. Finance & Resources Implications**

5.1 Not applicable.

**6. Risk Implications**

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with this report.		

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
There are no risks associated with this report.	

**7. Communication Implications**

7.1 Not applicable.

**8. Legal Implications**

8.1 Not applicable.

**9. Consultation with Key Advisers**

9.1 Not applicable.

**10. Alternative Options Considered**

10.1 Not applicable

**11. Background Papers**

11.1 Not applicable

**12. Appendices**

**Appendix 1: Annual Report by the Local Pension Board**

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Director of Finance/Section 151 Officer?	Not applicable
Has this report been cleared by Head of Pensions?	No
Has this report been cleared by Legal Services?	Not applicable

# **Northamptonshire Local Pension Board**

## **Annual Report 2015-16**

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## **Chairman's Foreword**

It is my pleasure, as Chairman of the Northamptonshire Local Pension Board, to introduce the first Board's first Annual Report. The Local Pension Boards is a new body established in accordance with the Public Service Pensions Act 2013. It's task is to assist the Council by making sure it is administering the Local Government Pension Scheme effectively and efficiently and is compliant with the law.

The Board was established by the Council in March 2015. A recruitment campaign followed, and by the end of July of that year we had a full complement of members and had held our first meeting. Much of the Board's time since then has been taken up with putting in place the policies and procedures necessary for the satisfactory operation of the Board according to statutory requirements and guidance issued by the Pensions Regulator and the Local Government Scheme Advisory Board. In order to provide assurance to the Council that the Board is operating within the relevant statutory provisions and best practice principles, much of the Board's first annual report focuses on these areas.

As Board Members we are required to be conversant with a great deal of pension law and regulatory material, as well as a range of related topics, including financial services, investment performance and actuarial practices. We have had to absorb a lot of guidance from the Pensions Regulator and the Local Government Pension Scheme Advisory Board. As you would expect, one of our first priorities was to establish a knowledge management policy and framework to deliver this requirement. Details of this are set out within the report.

Information about the Board, as well as details of the Board's work, is available on the Council's website. We want to hear from scheme members and employers about any issue or issues which may be causing them concern so please feel free to contact any member of the Board using the details set out in this report.

I am confident that the dedication and commitment of the current Board members will continue into 2016-17 in order to assist the Council in maintaining the high standards of the administration of the Fund.


**Paul Evans**

**Chairman of the Northamptonshire Local Pension Board**

## Background

The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board. The role of the Board is to assist the Administering Authority (Northamptonshire County Council) to:

- secure compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- ensure the effective and efficient governance and administration of the LGPS.



The Local Pension Board is expected to complement and enhance the Council's existing arrangements for administering the pension scheme. It does not replace the existing arrangements and it is not a decision making body. Rather, it is designed to act as a critical friend to the existing Pension Committee and Investment Sub-Committee.

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pension boards were laid before Parliament on 28th January 2015 and came into force on 20th February 2015. These regulations required the Council to agree the establishment of a Local Pension Board by 1st April 2015. In this context, established means that the Council, as Administering Authority, had to approve the creation of the Board and agree its composition and terms of reference in accordance with its constitution. It did not mean that the Local Pension Board had to be fully operational by that date.

However, it was anticipated all Local Pension Boards should be operational within a reasonable period after 1st April 2015, and certainly by the end of July of that year. The Northamptonshire Local Pension Board was established by the Council at its meeting of full Council meeting on 19 March 2015 and held its first meeting on 6 July 2015.



## **Role and Remit**

The role and remit of the Local Pension Board is to assist the Council in its capacity as scheme administering authority by making sure it is administering the Local Government Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that the Council has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere.

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## Constitution and Membership

The Council approved the terms of reference for the Local Pension Board on the basis that the Board is a stand-alone authority. It has also approved standing orders for the Board. A copy of both documents is available at the following link:

<https://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2343/Committee/398/Default.aspx>

A concise summary of the Local Pension Board's terms of reference is set out in the Council's constitution (see Part 2, Article 9 (Local Pension Boards) and Part 3 (Responsibility for Functions)):

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

In order to ensure they are fully representative, all Local Pension Boards must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting in March 2015, the Council agreed to establish a Local Pension Board with three employer representatives and three scheme member representatives. The term of appointment for all members is four years or until qualification for membership ceases.

Council determined that two of the employer representatives were to be appointed by Full Council directly, while all other members were appointed via an open and transparent selection process. An application pack containing the terms of reference and an outline of the knowledge and understanding and capacity requirements was made available and advertised to employers and members within the Fund in a way that was compliant with the requirements set out in the Local Government Pension Scheme (LGPS) – Guidance on the Creation and Operation of Local Pension Boards in England and Wales. Following receipt of applications from potential representatives, a short listing and interview process involving the Council's Monitoring Officer determined that the selected representatives had the required attributes to carry out the role effectively.

The appointment/recruitment process led to the successful appointment of three scheme member representatives – Paul Evans, Penny Smith and Nina Thomas – and three employer representatives – Audra Statham and Councillors Allan

Matthews and Mick Scrimshaw. The membership of the Board is as set out below:

## Employer Representatives

Member	Role	Email	Appointed
Audra Statham	Chief Financial Officer, Daventry District Council	<a href="mailto:ASatham@daventrydc.gov.uk">ASatham@daventrydc.gov.uk</a>	June 2015
Councillor Allan Matthews	County Councillor	<a href="mailto:amatthews@northamptonshire.gov.uk">amatthews@northamptonshire.gov.uk</a>	March 2015
Councillor Mick Scrimshaw	County Councillor	<a href="mailto:mscrimshaw@northamptonshire.gov.uk">mscrimshaw@northamptonshire.gov.uk</a>	March 2015

## Scheme Member Representatives

Member	Role	Email	Appointed
Paul Evans	Accredited Counter Fraud Specialist, Daventry District Council	<a href="mailto:PEvans@northamptonshire.gov.uk">PEvans@northamptonshire.gov.uk</a>	June 2015
Penny Smith	Registrar of Births and Deaths/ Deputy Superintendent Registrar, Northamptonshire County Council	<a href="mailto:psmith@northamptonshire.gov.uk">psmith@northamptonshire.gov.uk</a>	June 2015
Nina Thomas	Senior Project Manager, Northamptonshire County Council	<a href="mailto:nthomas@northamptonshire.gov.uk">nthomas@northamptonshire.gov.uk</a>	June 2015

The Chair and Vice-Chair of the Board is elected by the Board on annual basis. The current Chair is Paul Evans and the Vice-Chair is Penny Smith.

The Board has met four times during the period of this Annual Report. The attendance record for members of the Board is detailed below:

<b>Date</b>	<b>Paul Evans</b>	<b>Penny Smith</b>	<b>Nina Thomas</b>	<b>Audra Statham</b>	<b>Allan Matthews</b>	<b>Mick Scrimshaw</b>
06/07/15	Attended	Attended	Attended	Attended	Attended	Attended
01/10/15	Attended	Attended	Attended	Apologies	Attended	Attended
21/01/16	Attended	Attended	Apologies	Attended	Attended	Apologies
25/04/16	TBC	TBC	TBC	TBC	TBC	TBC

**Note – April information to be included.**

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## Code of Conduct and Conflicts Policy

The Council, as Administering Authority is required to prepare and approve a code of conduct for the Board to adopt. This code has to set out the standards of behaviour expected of members, incorporating the 'Seven Principles of Public Life' (known as the Nolan Principles).

The elected and co-opted members of the Council are governed by the code of conduct for councillors. This code is required of every local authority by the Localism Act 2011 and sets out the standards of behaviour expected of individuals in their capacity as councillors or co-opted members. In addition, there is a legal obligation for councillors to disclose, in a register maintained by the authority's monitoring officer, certain pecuniary interests, as defined in regulations made under the 2011 Act. Both of these requirements apply to any members of a Local Pension Board who are also councillors of a local authority. They do not apply to members of a Local Pension Board who are not Councillors unless they are specifically adopted in terms of reference or other policy document to apply to the other members of the Board. At its meeting on 1 October 2015, the Local Pension Board formally agreed to adopt the Council's Code of Conduct for all members of the Board.

Aside from the provisions of the Council's Code of Conduct, for the purposes of the members of the Local Pension Board, a 'conflict of interest' is defined in section 5(5) of the Public Service Pensions Act 2013 as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of a Local Pension Board (although that does not include a financial or other interest arising by virtue of that person being a member of the LGPS). The Pensions Regulator recommended that all administering authorities put in place a Conflict of Interest Policy for the operation of their new local pension boards. The Pension Board duly agreed a detail Conflicts Policy at their meeting on 1 October 2015. A copy of the policy can be found here:

<https://cmis.northamptonshire.gov.uk/cmis5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2595/Committee/448/Default.aspx>

It is not anticipated that significant conflicts of interest will arise in the same way as would be the case if the Board was making decisions on a regular basis (compared, for example, to a Pensions Committee). However, officers will take steps to identify, monitor and manage conflicts in accordance with the policy.

## Knowledge and Understanding

In accordance with Section 248A of the Pensions Act 2004, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the Local Government Pension Scheme (LGPS)
- any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund.

Each individual must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

The Council is required to make appropriate training available to Local Pension Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training. The Board, in turn, is required to establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to its members.

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 County Council. In particular members of a Local Pension Board need to 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.

In order to assist the Council, it is implicit that members of the Local Pension Board understand the duties and obligations that apply to the Council as well as to themselves. The rules of the LGPS would include:

- the relevant regulations;
- the relevant 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.

The Local Pension Board is required to 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. The LGSS Pensions Team has prepared such a list for Local Pension Board members, which is available at the following link:

<http://pensions.cambridgeshire.gov.uk/index.php/governance2/key-documents-for-the-northamptonshire-fund/>

The Board needs to 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.

Given the role of the Local Pension Board is to assist the Council, members of a Board need to have sufficient knowledge and understanding to challenge any failure by the Council to comply with the Regulations and other legislation relating to the governance and administration of the LGPS (which is 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.

Members of the Board are required to have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice the Board is given. They must be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to their duty to assist the Council.

A Local Pension Board's knowledge management policy and framework provides for the acquisition and retention of knowledge and understanding for its members. Members of the Local Pension Board are aware that their knowledge and understanding responsibilities technically began from the date they first took up their post.

The knowledge management policy and framework requires its members to undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. A personalised training plan is 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.

Learning programmes 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. The Pensions Regulator has provided 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. Members are required to complete the Pension Regulator's toolkit and have been contacted with a reminder and provided with a link as follows:

<http://www.thepensionsregulator.gov.uk/public-service-schemes/learn-about-managing-public-service-schemes.aspx>

The Knowledge Management Policy has been designed to assist the Local Pension Board in performing and developing its role in accordance with the Terms of Reference with the ultimate aim of ensuring that Pension Fund is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 also enforced by the Pensions Regulator.

The Knowledge Management Policy incorporates both the best practice as identified by the CIPFA Technical Knowledge and Skills Framework and the requirements of the Pensions Regulator. The CIPFA framework covers eight areas of knowledge identified as the core requirements for effective management of a public sector pension fund. These are:

- pensions legislation;
- pensions governance;
- pensions administration;
- pension accounting and auditing standards;
- financial services procurement and relationship development;
- investment performance and risk management;
- financial markets and products knowledge; and
- actuarial methods, standards and practice.

The Pension Regulator's Code of Practice requires all members of the Local Pension Fund Board to maintain the necessary skills and knowledge to undertake their role effectively. Board members need to be conversant with the rules of the scheme and any document recording policy about the administration of the scheme; and to have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The framework is designed to improve knowledge and skills in all relevant areas of activity of a Pension Fund Board and assist Board members in achieving a



degree of knowledge appropriate for the purpose of enabling individuals to properly exercise the functions of a member of a pension board.

The Knowledge Management Policy also recognises the requirement that skills and knowledge within the remit of a local pension board must be on an individual rather than a collective basis. As such self- assessments will identify individual training needs following which appropriate training will be arranged. The Policy sets out the methods by which the members of the Pension Fund Board will achieve and maintain the required knowledge and understanding and how this will be measured on an ongoing basis.

The Local Pension Board is required to 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. It is a statutory requirement to include details of the training undertaken by members of the Pension Fund Board in the Fund’s Annual Report. In addition, this information may be required by other agencies such as the Pensions Regulator from time to time.

A schedule detailing the training undertaken by Local Pension Board members is detailed below:

<b>Member</b>	<b>Event</b>	<b>Date</b>
Paul Evans	LGA Local Pension Board Training	21/5/2015
	LGSS Joint Local Pension Board Training	1/9/2015
	LGSS Pensions – LDI & Passive Training Day	27/10/2015
	UBS First Steps Seminar	3/11/2015
	UBS Second Steps Seminar	25/11/2015
	LAPFF Annual Conference	2-4/12/2015
	Valuation Training	2/2/2016
	LGC Investment Seminar	3-4/3/2016
Penny Smith	LGA Local Pension Board	21/5/2015

	Training	
	LGSS Joint Local Pension Board Training	1/9/2015
	LGSS Pensions – LDI & Passive Training Day	27/10/2015
	LGSS Valuation Training	2/2/2016
Nina Thomas	LGA Local Pension Board Training	21/5/2015
	LGSS Pensions – LDI & Passive Training Day	27/10/2015
	UBS First Steps	3/11/2015
	UBS Second Steps	25/11/2015
Audra Statham	LGA Local Pension Board Training	21/5/2015
	LGSS Joint Local Pension Board Training	1/9/2015
	UBS First Steps	3/11/2015
	UBS Second Steps	25/11/2015
Cllr Allen Matthews	AON Pension Board Member Training	9/7/2015
	LGSS Joint Local Pension Board Training	1/9/2015
	LGSS Joint Pensions Liability Driven Investment & Passive Investment Training Day	27/10/2015
	LGSS Valuation Training	2/2/2016
Cllr Mick Scrimshaw	LGA Local Pension Board Training	21/5/2015
	LGSS Joint Local Pension Board Training	1/9/2015

At its first meeting in July 2015, the Board considered a proposal for developing and maintaining a policy and framework to address the knowledge and understanding requirements that apply to members of the Local Pension Board.

It was agreed to delegate responsibility to the Democratic Services Manager and the LGSS Pensions Service Governance and Regulations Manager for ensuring that the knowledge and framework for the Local Pension Board was developed and implemented. Together with the Pensions Team, the Board felt that Democratic Services should develop and maintain a training record for each Board member.

The Board received and approved the Knowledge Management Policy for Pension Fund Board Members at its second meeting in October 2015. The Policy is available at the following link:

<https://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2595/Committee/448/Default.aspx>

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# Reporting Breaches of the Law to the Pensions Regulator Policy

In accordance with section 70 of the Pensions Act 2004, certain individuals must report to the Pensions Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

- a duty which is relevant to the administration of the LGPS, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any its functions.

This obligation directly applies to each individual who is a member of the Local Pension Board. The Local Pension Board must therefore have effective arrangements in place to meet its duty to report breaches of law.

At its meeting in October 2015, the Local Pension Board was informed that, in line with the Pensions Regulator's Code of Practice number 14 (Governance and administration of public service pension schemes), the Fund has developed a policy that sets out the mechanism for reporting breaches of the law. The policy ensures that those with a responsibility to report breaches of the law are able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach has been made.

As the Local Pension Fund Board does not have decision making powers, the Board was not able to approve this policy. Instead it reviewed the Policy at its meeting in October 2015 before it was approved by the Pension Committee at its meeting on 23 October 2015. A copy of the "Reporting Breaches of the Law to the Pensions Regulator Policy" is available at the following link:

<https://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2534/Committee/412/Default.aspx>

## Governance Compliance Statement

Each Administering Authority must have in place a Governance Compliance Statement that sets out whether it delegates its functions, or part of its functions under the Regulations to a committee, a sub-committee or an officer of the authority. Where the Administering Authority does delegate its functions, the statement must include:

- the terms, structure and operational procedures of the delegation;
- the frequency of any committee or sub-committee meetings;
- whether such a committee or sub-committee includes representatives of scheme employers or members, and if so, whether those representatives have voting rights;
- the extent to which a delegation, or the absences of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- details of the terms, structure and operational procedures relating to the Local Pension Board.

The Local Pension Board, at its meeting in April 2016, considered a report on the Compliance Code of Practice.

***Note – more information to be added***

## **Work Programme 2015-16**

The Local Pension Board has met four times in 2015-16 on 6<sup>th</sup> July 2015, 1<sup>st</sup> October 2015, 21<sup>st</sup> January 2016 and 25<sup>th</sup> April 2016.

### **Board Meeting – 6<sup>th</sup> July 2015**

At its first meeting on 6<sup>th</sup> July 2015, the Board received a presentation that provided background and context to the operation of the Pension Fund. Other issues considered by the Board at this meeting included the Board's Terms of Reference and the Knowledge and Understanding Policy, both of which are covered separately in the Annual Report.

Also at this meeting, the Board received a report setting out its priorities and work programme for 2015-16. The work programme is reviewed at every Board meeting in order to take account of issues that arise during the year and changes according to Pension Committee planning and decision-making timescales. The Board's work programme aligns largely with the Pension Committee work programme.

### **Board Meeting – 1<sup>st</sup> October 2015**

The Board reviewed reports presented to the Pension Committee since the last Board meeting, including an update on the Business Plan, the Employers Admissions and Cessations Report and the Governance and Legislation Report. As part of its discussion on these reports, the Board focused on the consistency of Key Performance Indicators.

The Board also considered, as a confidential item, a report on the Annual General Meeting (AGM) of the Northamptonshire Pension Committee. The report provided an update of the topics discussed at the AGM that relate to the Fund financial performance during that period.

### **Board Meeting – 21<sup>st</sup> January 2016**

The Board received a summary of items presented to the Pension Committee, including the Business Plan Update Report; Overpayment of Pensions Report:

Employers Admissions and Cessations Report and the Governance and Legislation Report.

At this meeting the Payment of Employee and Employer Pension Contributions was presented to the Board. The policy was designed to ensure that both scheme employers and officers of the Fund had a clear process for dealing with non-compliance and to provide further strength and evidence to the Pensions Regulator that as a Fund, all the relevant controls were in place. The policy had been approved by the Pensions Committee on 18<sup>th</sup> December 2015 and would become effective from April 2016. The Board reviewed the policy and satisfied itself that the administration fees relating to late payments were comparable to charges made by other funds. The Board made no recommendations to the Pension Committee.

The Board also had the opportunity to review the policy for Admission Bodies, Scheme Employers and Bulk Transfers. The policy had been presented and approved at the Pension Committee meeting that took place on 23<sup>rd</sup> October 2015. It had been revised following an exercise to streamline the policy and amend a number of technical terms following the introduction of the Local Pension Scheme Regulations 2013. The Board reviewed the policy but made no recommendations to the Pension Committee.

The Board received the Statement of Investment Principles July 2015. The Local Government Pension Scheme regulations required every administering authority to prepare, maintain and publish a written statement of the principles that governed its decisions about the investment of Fund money. During discussion Board members clarified their understanding of the benchmark targets and discussed training opportunities for members involved in valuation work.

#### **Board Meeting – 25<sup>th</sup> April 2016**

***Note - This section to be revised when information available***

The Board received an executive summary of standing items presented to the Pensions Committee, which included XXX.

The Board also discussed the Business Plan and Fund Objectives, including the Fund Valuation Plan, the Compliance Code of Practice and the Performance Report. The Board also discussed and agreed its Annual Report.

More detail is available in the agendas and minutes of the above Northamptonshire Local Pension Board meetings which can be accessed via following link:

[https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS\\_CommitteeDetails/mid/558/id/448/Default.aspx](https://cmis.northamptonshire.gov.uk/cm5live/Committees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/448/Default.aspx)

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## Work Programme 2016-17

The Local Pension Board maintains a work programme which is considered at every meeting. Although a large part of the Board's work is aligned with that of the decision making Pension Committee, now that the Board is established and members have completed a number of training activities it will begin to select topics for in-depth analysis with a view to making recommendations to the Pension Committee on a regular basis.

The Work Programme for 2016-17 is as set out below:

*Add work programme when completed*

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# Key Officers supporting the Local Pension Board

<b>Head of Pensions</b>	Mark Whitby <a href="mailto:MWhitby@northamptonshire.gov.uk">MWhitby@northamptonshire.gov.uk</a> 01604 368502
<b>Governance &amp; Regulations Manager</b>	Joanne Walton <a href="mailto:JWalton@northamptonshire.gov.uk">JWalton@northamptonshire.gov.uk</a> 01604 367030
<b>Governance Officer</b>	Michelle Oakensen <a href="mailto:MOakensen@northamptonshire.gov.uk">MOakensen@northamptonshire.gov.uk</a> 01604 366535
<b>Democratic Services Manager</b>	Paul Hanson <a href="mailto:phanson@northamptonshire.gov.uk">phanson@northamptonshire.gov.uk</a> 01604 366813
<b>Democratic Services Officer</b>	Jenny Rendall <a href="mailto:jrendall@northamptonshire.gov.uk">jrendall@northamptonshire.gov.uk</a> 01604 367560