



**Northamptonshire  
County Council**

**Agenda Item No: 3**

Democratic Services  
Room 144  
County Hall  
Northampton  
NN1 1DN

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

**Minutes of the meeting held on 23 January 2017**

**Venue: The Blue Room, County Hall, Northampton**

**(Meeting held in public)**

**PRESENT:-  
Paul Evans (Chairman)**

Employers Side

Councillor Allan Matthews  
Councillor Mick Scrimshaw

Employees Side

Ged Carlton  
Nina Thomas

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

Ian Colvin	Hymans Robertson
Paul Hanson	Democratic Services Manager
Michelle Oakensen	LGSS Pensions Governance Officer
Jenny Rendall	Democracy Officer (minutes)
Paul Tysoe	Investment and Fund Accounting Manager
Joanne Walton	LGSS Pensions Governance & Regulations Manager
Mark Whitby	LGSS Head of Pensions

There were no members of the public present.

01/17 Welcome & Apologies for non-attendance:

Apologies were received from Audra Statham (Employers Side).

02/17 Declarations of Interest by Members, if any:

There were none.

03/17 Minutes of the Meeting held on 10 October 2016:

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

- 1) the minutes of the meeting held in public on 10 October 2016; and**
- 2) The minutes of the meeting held in private on 10 October 2016.**

#### 04/17 Action Log

At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Jo Walton, introduced this report (copies of which had been previously circulated) stating there was just one item on the log that would be discussed during that day's meeting.

**RESOLVED that: the Local Pension Board noted the action log.**

#### 05/17 Agenda Items from the October and December 2016 Pensions Committee meetings:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Jo Walton introduced this report (copies of which had been previously circulated) stating a report was included on that day's agenda regarding the Pensions Regulator's self-assessment tool. The Pensions Regulator had also issued another survey which the team had completed in conjunction with the Chairman of the Local Pensions Board. The results from this had not yet been published. Section 5 of the report also provided details of a number of employers being granted access to the Fund and those leaving the Fund.

**RESOLVED that: the Local Pension Board noted draft minutes from the Pensions Committee meetings held in October and December 2016.**

#### 06/17 LGSS Pensions Service Administration Performance Report:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Jo Walton introduced this report (copies of which had been previously circulated) stating this provided details of the employer and employee contributions to the Fund. Section 2.2.1 of the report detailed overpayments of Pension to 62 members. To date funds had been retrieved from 18 of those 62. 44 of the overpayments had been written off because the overpayment was less than £250 but not all monies were recovered, particularly if a pensioner's estate was empty.

Key Performance Indicators (KPIs) were quite healthy and a lot had been undertaken to ensure this position.

In answer to a query from the Local Pension Board it was confirmed approximately half of the service dealt with case work and the other half all of the other work. People were moved around teams to retain knowledge and expertise but a member of staff leaving could affect any of the teams.

**RESOLVED that: the Local Pension Board noted the LGSS Pensions Service Administration Performance Report.**

#### 07/17 Internal Audit Update – Internal Audit Report 2015-16:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Jo Walton introduced this report (copies of which had been previously circulated) stating this report was presented to the Pensions Committee in December 2016 at which time no concerns were reported. The Service overall had been given a substantial assurance. The report included a table detailing the areas audited and the ratings for each of these areas.

In answer to a query from the Local Pension Board it was confirmed there was stability in staff at senior, team leader and specific areas. Instability existed more in the area of basic

staff but the team had built up from having a lot of vacancies some time before to now having very few. All of the team were employed by Northamptonshire County Council.

It was also confirmed that the team did not consider budgets on a zero-based budget basis, they did consider all that was required and how it could be made as cost effective as possible. The budget was very well known to staff.

Members of the Board also congratulated the team for receiving its substantial rating.

**RESOLVED that: the Local Pension Board noted Internal Audit Report 2015-16.**

08/17 Northamptonshire Pension Fund Valuation Report:

At the Chairman's invitation, the Head of Pensions, Mark Whitby introduced this item (copies of which had been previously circulated) highlighting the following:

- The Valuation was undertaken every 3 years leading to revised contribution rates to employers and for some employers this would reduce. The Rates and Adjustments Certificate would be published by 31 March 2017.
- Various stakeholders had been consulted including the Chairmen of the Local Pension Board and Pensions Committee.
- Employer forums and surgeries had been held and some employers had benefitted from individual assessment discussions with the Fund's Actuaries during which they were also able to ask questions they might not have felt able to during the forums.
- The Funding Strategy Statement set out how every employer was treated equitably but not exactly the same. Employers were put into groups and their contributions were set based on factors such as their longevity and any particular circumstances and discretion could also be used. So the valuation considered a figure that should be paid but also the viability of this to the employer.
- The majority of employers had been given their results and agreed them.
- The funding level had moved from 71% to 78%.

In answer to a query from the Local Pension Board it was confirmed all employers had been given stable contributions with many having a flat or plus or minus 1% change to their contribution.

**RESOLVED that: The Local Pension Board noted the Northamptonshire Pension Fund Valuation Report.**

09/17 To Review the Effectiveness of the Northamptonshire Local Pension Board:

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

- 2 out of 5 surveys had been received back from members of the Local Pension Board and the results of these were included in Section 4 of the report. Comments were also included.
- The results demonstrated the Local Pension Board was performing well in all areas including time allocated to agenda items, holding a sufficient number of meetings during the year, the quality of papers meeting expected standards including providing a sufficient overview, that there was sufficient awareness of the risks facing the Pension Fund and in having an adequate knowledge and skills framework.
- Section 4.3 of the report identified a number of areas for improvement. The risk strategy and register would be presented to the Local Pension Board in June 2017.

- Low scores were given for having a good understanding of the Pensions Regulator and the Pensions Regulator's Code of Practice which would be covered in training that afternoon.

The Chairman of the Local Pension Board thanked officers for the time they had given to putting this survey and information together and stated he felt it unacceptable to have only had 2 responses.

The LGSS Pensions Governance and Regulations Manager stated more pre-scrutiny work could be undertaken and members of the Local Pension Board were welcome to attend meetings of the Investment Sub-Committee (ISC) and Pensions Committee.

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

- From attending a recent Local Pension Board seminar the Chairman felt that the Northamptonshire Local Pension Board appeared to be in front of many others.
- The Local Pension Board would have to understand the operational side in order to effectively scrutinise decisions of the ISC and Pensions Committee.
- There appeared to be a common feeling amongst the sector as a whole that many Local Pension Boards were still 'finding their feet' with their new roles.

**RESOLVED that: the Local Pensions Board noted the feedback and approved the plan of action to improve the effectiveness in the areas identified.**

#### 10/17 CIPFA Pensions Administration Benchmarking Club Report 2016:

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

- The Northamptonshire Fund took part in this each year providing details on running costs and membership details. Only 43 funds actually took part, almost half of all those in the LGPS universe.
- Northamptonshire was just above the group average net cost per member (which was £18.48) at £19.85.
- Staff costs were below the group average. Northamptonshire was below the group average per Full Time Equivalent (FTE) which meant each member of staff dealt with more members than the average.
- The survey was very subjective and dependent on the information provided. Northamptonshire always strived to maintain an honest approach.
- Payroll costs were higher than the average but this would decrease as the Altair System became embedded.

Queries on the report were answered as follows:

- Having your own building could be more expensive than renting a space.
- Some funds did not take part because they did not wish others to know their costs.
- Moving to Angel Square should not increase costs

**RESOLVED that: The Local Pension Board noted the Benchmarking Club Report 2016.**

#### 11/17 The Pensions Regulator's Public Service Pension Scheme Compliance Assessment Tool:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Jo

Walton introduced this report (copies of which had been previously circulated) highlighting the following:

- This had been issued 2 months previously and both she and LGSS Pensions Governance Officer, Michelle Oakensen had commented that they felt it was pitched at too high a level. The Regulator did state it should not be the only way to analyse.
- The Pensions Regulator had commented that they felt Northamptonshire was complying in all areas with 6 out of 7 governance areas achieving full compliance, 4 out of 5 areas in managing risks and issues achieving full compliance and 3 out of 5 areas in administration achieving full compliance.
- Demonstrating use of training plans for members would become compliant through the introduction of a revised training strategy which set out the intended approach to the use of training plans.
- They would introduce Service Level Agreements (SLAs) with all those to whom work was out-sourced. An SLA would be introduced to Payroll as a lot of trust had been put in them but nothing had been said when things went wrong recently.
- It would be clearly noted that scheme records would be monitored to ensure they were accurate and complete.
- A record keeping policy would be presented to the Local Pension Board in October prior to presentation to the Pensions Committee.
- A document would be presented to the Local Pension Board in April that detailed how they managed employers who did not comply with providing timely, accurate and complete data.
- A data improvement plan would also be presented to the Local Pension Board in October prior to presentation to the Pensions Committee.
- The appendix to the report provided details of the assessment tool and details of what the Pensions Regulator expected from the Fund.

In answer to a query from the Local Pension Board it was confirmed the items mentioned above could be added to the action log. The Local Pension Board also had a legal duty to report to the Pensions Regulator any areas of non-compliance that it became aware of.

**RESOLVED that: The Local Pension Board noted the Report on the Pensions Regulator's Public Service Pension Scheme Compliance Assessment Tool.**

#### 12/17 Northamptonshire Pension Fund Training Strategy 2016:

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

- The Pensions Committee Training Strategy had been updated to include the Local Pension Board.
- The training plan would address any lack of compliancy in relation to training plans which would be issued to members.
- A short training needs analysis would be produced so that any areas of concern could be identified and the training plan would be built around these.
- The Pensions Committee had felt the expectations of the training strategy were originally too high and it had therefore felt prudent to reduce the training credit score to 18 over a 2 year period.
- The methods for obtaining credits were detailed in Section 8.1 of the Training Plan and suggested areas for CIPFA knowledge required were included in Sections 9.1 and 9.2 of the Training Plan.
- Credits could also be obtained by undertaking the assessments that were offered following training. Attendance at seminars would also gain credits.

Queries on the report were answered as follows:

- Assessments were likely to be multiple choice.
- Almost achieving 18 credits was fine but members did need a certain standard of knowledge in order to be able to carry out their role.
- Consistent attendance at meetings and training (where members could attend) would ensure they picked up sufficient knowledge and experience to undertake their role.
- Local Pension Board meetings could include training events.
- An exercise was undertaken for members of the Pensions Committee and it was noted some members undertook training as part of their everyday role that could also count towards their knowledge and understanding for their Pensions Committee role.

Members also noted the following:

- That this was a big time commitment, not just in attending meetings but also in undertaking training and reading reports for meetings.
- The Training Plan did not mention the sanctions should a person not be able to achieve the required credits.

**RESOLVED that: the Local Pension Board approved the Northamptonshire Pension Fund Training Strategy.**

### 13/17 Asset Pooling:

At the Chairman's invitation Investment and Fund Accounting Manager, Paul Tysoe provided the following update:

- ACCESS consisted of 11 funds each following an agreed set of principles.
- Everything was undertaken on a risk basis and objective based.
- 9 of the funds were working together on a passive arrangement using the national framework. They were just completing the invitation to tender document for this.
- There was an equitable voice within the pool: 1 fund, 1 vote. Cost sharing would also be equitable.
- There was an aim to have all assets within the pool by 2033. Any sooner could result in fee charges.
- The joint governance committee would consist of chairmen with vice-chairmen acting as substitutes. All funds will need to send a representative in order to be able to comment on any discussions and take part in decision-making. The way in which quorum had been agreed meant that if only 8 members attended, 5 members could be making a decision on behalf of all 11.
- The officer working group was very active.
- The operator would act like a fund manager making investments and using fund strategies to create sub-groups.
- Close liaison with the operator, arranging meetings and taking minutes from joint committee meetings would take place through the client function.
- Some activity would move into the pool during the current year amounting to approximately £9.75billion.
- 4 providers were on the short list: Legal & General, UBS, Blackrock and Deutsche Bank. Currently Northamptonshire only used UBS, 4 funds used Legal & General and 4 used State Street. This should provide a 7 figure sum in terms of savings.
- There was an aim to have all active investments in the pool by 2021.
- There were many alternatives that would be invested between 2021 and 2033. These were long term investments that took longer to dis-invest from.
- Some high costs might be achieved in order to obtain a high return.
- All funds within the ACCESS pool would pay 1/11<sup>th</sup> of the cost. Smaller funds within the pool were content with this providing 1 fund, 1 vote was maintained.

- The costs of the sub funds would be apportioned to those funds within them. Each fund would pay their own transition costs and benefit from the savings.
- Each fund would need to assess the time it would take them to move into the pool and the various sub-funds within it.
- Through the Inter-Authority Agreement powers would be passed to the joint committee to enable them to make decisions. In the short term these powers would be passed to the ISC until the joint committee was ready to take these powers on. A report was presented to the Councillor Services & Governance Working Group the previous week and this would go to Council in March.

Questions from the Local Pension Board were answered as follows:

- Any tender arranged through the pooled arrangement for passive investments could be closed within 3 months. These would however be a key part of pooling.
- The operator would report to the Pensions Committee and the function of the Local Pension Board would not change, although it could ask questions of the Joint Committee.

**RESOLVED that: the Local Pension Board noted the update on Asset Pooling.**

#### 14/17 Urgent Issues:

The Chairman reported on a seminar he had attended at the end of November 2016 highlighting the following:

- The seminar had covered a wide area including the Scheme Advisory Board and Local Pension Boards, the Pensions Regulator's approach, conflicts of interest, knowledge and skills, governance, practice, the actuarial valuation and the pensions horizon.
- It was recommended that all Local Pension Board members undertake the Regulator's toolkit.
- Ensuring all members had the required knowledge was the responsibility of the Chairman of the Local Pension Board.
- Suggestions were made as to items the Local Pension Board should undertake but there were no clear instructions.
- The actuarial valuation and pooling were also discussed.
- He felt that from amongst those there, the Northamptonshire Local Pension Board appeared to have progressed further.

The Chairman agreed to send a report to Democratic Services to pass to members of the Board following the meeting.

**RESOLVED that: the Chairman of the Local Pension Board would forward a copy of his report on a recent Local Pension Board seminar to Democratic Services to pass to members of the Local Pension Board.**

There being no further business, the meeting concluded at 11.45am.