



Northamptonshire Local
Pension Board

23 January 2017

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 10 October 2016	Jenny Rendall
4.*	Action Log	Joanne Walton
5.*	Agenda items from the October and December 2016 Pension Committee Meetings	Joanne Walton
6.*	LGSS Pensions Service Administration Performance Report	Joanne Walton
7.*	Internal Audit Update – Internal Audit Report 2015-16	Joanne Walton
8.*	Northamptonshire Pension Fund Valuation Report	Joanne Walton
9.*	To review the effectiveness of the Northamptonshire Local Pension Board	Joanne Walton
10.*	CIPFA Pensions Administration Benchmarking Club Report 2016	Joanne Walton
11.*	Pensions Regulator's Public Service Pension Scheme Compliance Assessment Tool	Joanne Walton
12.*	Northamptonshire Pension Fund Training Strategy 2016.	Joanne Walton
13.	Asset Pooling – verbal update	Paul Tysoe
14.	Urgent Issues	Jenny Rendall
12noon	LUNCH	
15.	Training Session to be provided by Hymans Robertson	

Issued: 13 January 2017

Jenny Rendall
Democratic Services
Northamptonshire County Council
County Hall George Row
Northampton NN1 1DN

Tel: 01604 367560
email: jrendall@northamptonshire.gov.uk

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Northamptonshire Local Government Pension Scheme Local Pensions Board

Minutes of the meeting held on 10 October 2016

Venue: The Blue Room, County Hall, Northampton

(Meeting held in public)

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

Employers Side

Councillor Allan Matthews
Councillor Mick Scrimshaw
Audra Statham

Employees Side

Ged Carlton

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 Manager
Mark Whitby	LGSS Head of Pensions

There were no members of the public present.

21/16 Welcome & Apologies for non-attendance:

Everyone introduced themselves and Ged Carlton was welcomed as the new member on the Employee's Side.

There were no apologies.

22/16 Election of Chairman & Vice-Chairman for 2016-17:

It was noted Paul Evans was current Chairman from the employee's side but the chairmanship did not need to rotate between the 2 sides.

Audra Statham nominated Paul Evans as Chairman for 2016-17. This was seconded by Councillor Allan Matthews.

Audra Statham then nominated Councillor Allan Matthews as Vice-Chairman for 2016-17. This was seconded by Paul Evans.

RESOLVED that:

- 1) **Paul Evans be Chairman of the Local Pension Board for 2016-17; and**
- 2) **Councillor Allan Matthews be Vice-Chairman of the Local Pension Board for 2016-17.**

23/16 Minutes of the Meeting held on 25 April 2016:

RESOLVED that: The Local Pensions Board approved: the minutes of the meeting held on 25 April 2016.

24/16 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 the compliance statement would be completed by January 2017. A delay had been caused by work on the Pension Payroll Project which had taken priority for this period.

RESOLVED that: the Local Pensions Board noted the action log.

25/16 Executive Summary of agenda items from 30 June 2016 Pension Committee meeting:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Jo Walton, introduced this report (copies of which had been previously circulated) stating this was the time of year when the Pensions Committee reviewed the performance of investments and the annual statement for the year.

The Head of Pensions, Mark Whitby confirmed that whilst the team would flag up any particular meetings it would be helpful for the Board to attend there was an open invitation for members to attend any meetings and all papers were available to the Board already for review

Returning to the report, LGSS Pensions Governance & Regulations Manager, Jo Walton stated the Committee had discussed the details of the findings of the external auditor and the performance of investments during the year.

In answer to a query on the report, the Head of Pensions, Mark Whitby confirmed the Investment Sub Committee received quarterly reports on investment performance. Whether an investment manager would be reviewed, retained or ceased was decided at the same time. Some investment managers might be terminated as part of asset pooling. The Annual report was a summation of information they had already received and Mercers Ltd also undertook reviews of all managers and provided their information at this meeting.

RESOLVED that: the Local Pensions Board noted the executive summary of agenda items from the Pensions Committee held on 30 June 2016.

26/16 LGSS Pension 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 employee and employer contributions remained fairly consistent.

The Local Pension Board then entered private session to discuss a particular item further as follows:

RESOLVED that: Under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A to the Act would be disclosed to them.

The meeting then continued in public with LGSS Pensions Governance & Regulations Manager, Jo Walton referring to performance indicators, the majority of which were exceeded. . It was usual for a small number of employers to submit information late.

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

- There had been some issues with schedules being received late.
 - The Pensions team picked up any issues that arose with employers.
 - The Fund included 263 employers and it tended to be the smaller bodies like parish councils who were offenders of late payments.
 - Late payments were received at various times after the statutory deadline.
- Members also felt the inclusion of a RAG status would assist them to read future documents.

RESOLVED that: the Local Pension Board noted the Administration Performance Report.

27/16 Pension Ombudsman – Case Study – Payment of Death Grant:

At the Chairman's invitation, LGSS Pensions Governance & Regulations Manager, Jo Walton introduced this report (copies of which had been previously circulated) stating that this case should be used to gain knowledge to prevent a case occurring for Northamptonshire Pension Fund in the future.. The regulations dictate that upon the death of a scheme member, that a death grant must be paid within 2 years of the scheme being aware of the death The late member left behind 3 children but no eligible spouse, the late member's mother was dealing with the estate, the complaint arose as the mother was not aware of the 2 year time limit in which the death grant could be paid without a tax implication as she was not ever advised of this.

Queries on the case study were answered as follows:

- 2 years was adequate time in which to make a payment and a HMRC requirement.
- This type of case had not happened in Northamptonshire.
- The law stated the pensions service did not have to inform people of the 2 year deadline but Northamptonshire ensured people knew death grants had a 2 year payment period.

RESOLVED that: the Local Pension Board noted the content in relation to the case study of a payment of death grant.

28/16 Northamptonshire Local Pension Board – Communication Policy:

At the Chairman's invitation, Democratic Services Manager, Paul Hanson introduced this item (copies of which had been previously circulated) stating this report contained 2 tasks, one relating to the adoption of the Communications Policy for the Cambridgeshire and Northamptonshire funds and the Communications Policy for the Local Pensions Board. There was no statutory duty to set something out but this did set out objectives, most of which were already being undertaken.

Queries on the report were answered as follows:

- The new Cabinet Member for Finance wished to receive an annual report from the Pensions Committee at Full Council. A report had been written for presentation at the November meeting of Council.
- An induction programme could be arranged to take place following the 2017 County Council elections to ensure members knew the role of the Pensions Committee and Local Pension Board and the differences between them.

Members also stated that they felt the communications policy was very good.

RESOLVED that: The Local Pension Board:

- 1) Commented on the Pension Fund Communication Strategy and Communication Plan; and**
- 2) Commented on and adopted the Local Pension Board Communication Policy.**

29/16 Asset Pooling:

At the Chairman's invitation, the Head of Pensions, Mark Whitby introduced this report (copies of which were previously circulated) stating it was moving forward and the authority had worked with 10 other local authorities to form the ACCESS pool. A submission was made to Central Government in July that detailed how the pool would work. In September it was confirmed that the pool would rent an operator in the short to medium term whilst the pool would look into the option to buy at a later date if viable.

Answers to questions on the report were provided as follows:

- The total value as at 31 March 2016 within the Pool equalled £25billion.
- The time period of renting an operator could be 3-5 years
- Ideally items going to Full Council would be for ratification as they should have already been through the Pensions Committee.
- Not all pools would go along the rental path. Some could be seeking to build their own operating vehicle. The deadline set by Government to have the pools up and running by 2018 was a pressure.
- Pools could leverage assets to obtain good fee savings.
- Chairmen were fully informed by their committees before they attended the chairmen meetings.

RESOLVED that: the Local Pensions Board noted the progress made with the Asset Pooling proposal.

30/16 Future Meetings:

It was noted there would be a training event held during late January 2017 in line with the next meeting. The details to be confirmed later that month. Audra Statham sent apologies as she would not be available that month.

The next meeting would take place in January 2017 date to be confirmed and the following meeting was to be held on Monday 3 April 2017.

31/16 Urgent Issues:

There were none.

There being no further business, the meeting concluded at 11.25am.

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NORTHAMPTONSHIRE PENSION FUND

Local Pension Board Action log from Local Pension Board meeting held on 25 April 2016

Agenda Item: 4

This log captures the actions from the Northamptonshire Local Pension Board of the 25 April 2016 together with any carried forward items from previous meetings and updates members on the progress on compliance in delivering the necessary actions. This is the updated action log as at 13 January 2017.

Item No.	Item	Action to be taken by	Issue/Action	Action/Status
16/16	Results of the Pensions Regulator's Survey of Public Survey Governance and Administration and Compliance with the Code of Practice	Jo Walton	Progress with plans for meeting the Pensions Regulator's Code of Practice would be provided to the Local Pensions Board at its meeting to be held in July 2016	Completed – A review of compliance is being presented at the January meeting of the Local Pension Board.

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**NORTHAMPTONSHIRE
PENSION FUND**



LOCAL PENSION BOARD - LGPS

23 January 2017

Report by: THE HEAD OF PENSIONS

Subject:	Agenda items from the October and December 2016 Pension Committee Meetings
Purpose of the Report	To provide the Pension Fund Board with an executive summary of specific agenda items discussed at the October and December Pension Committee meetings.
Recommendations	That the Pension Fund Board note the contents of this report.
Enquiries to:	Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 This report is an executive summary of the items discussed at the October and December 2016 meetings 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 Reports
 - Employer Admissions and Cessations Report
- 1.3 The full reports can be found at the link detailed in section 11 of this report.

2. Governance and Legislation Report

2.1 The following sections summarise the information relating to the Governance and Legislation Report.

2.2 Scheme Advisory Board Update

2.2.1 The Scheme Advisory Board met on 1 August 2016 and considered and agreed its proposed terms of reference. These will now be sent to the Minister for approval. The Minister will also receive the Board's suggested budget (£384,375) and work plan for 2016/17. The budget will be submitted along with a suggestion that the Board's secretariat, through an additional post, provide support to the DCLG. The purpose of the post would be to ensure the Board's recommendations are given the degree of consideration and research necessary for the effective development of the Scheme.

2.2.2 Also at this meeting Scheme Advisory Board agreed to proceed with the selection process to fill the vacant non-voting member seat which has been allocated to practitioners. Seven nominations were received by the closing date for nominations and so an election process was carried out to complete the process. Each LGPS administering authority with an open fund was invited to cast one vote for their preferred candidate. A vote was held in August with Nicola Mark of Norfolk Pension Fund being the preferred candidate.

2.2.3 The final result issued on 20 September 2016 was for Nicola Mark to fill the non-voting practitioner member seat on the Local Government Pension Scheme Advisory Board.

2.3 Legal opinion on LGPS and application of Financial Services Markets Act 2000

2.3.1 The LGA has obtained a legal opinion from Nigel Giffin QC on the extent to which a local authority or other body which is the administering authority of an LGPS fund might in that connection be subject to regulation by the Financial Conduct Authority ("FCA") pursuant to the Financial Services and Markets Act 2000 ("FSMA").

2.3.2 In the opinion, Mr Giffin concluded that, in managing an LGPS fund, the administering authority is not carrying out a regulated activity, and does not require FSMA authorisation.

2.3.3 The full legal opinion can be found on the Scheme Advisory Board website at the following link;

<http://www.lgpsboard.org/index.php/board-publications/legal-opinions>

2.4 Investment Fees – Code of Transparency

2.4.1 The move toward investment fee transparency and consistency is seen by the Scheme Advisory Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the government's criteria for pooling investments.

2.4.2 To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis the Scheme Advisory Board is working to develop a voluntary Code of Transparency for LGPS asset managers. As part of this work a consultation meeting was held on 21 September 2016 with representative fund accountants. The minutes of this meeting can be found at the following link;

<http://www.lgpsboard.org/images/Consultations/NoMfund%20accountants210916.pdf>

2.5 The Pensions Regulator – Prosecution Policy

2.5.1 There are a number of criminal offences concerned specifically with workplace pensions. The Pensions Regulator has the power to prosecute these offences, as well as other offences that form part of the same facts or events or are otherwise connected to enforcement functions.

2.5.2 The Pensions Regulator has produced a policy that identifies a risk-based approach to prosecution decisions, considers each case on its particular facts and explains how they will use their prosecution powers. The annex of the policy lists the criminal offences under workplace pension's legislation and can be found at –

<http://www.thepensionsregulator.gov.uk/docs/prosecution-policy.pdf>

2.6 The Pensions Regulator – Annual Scheme Return

2.6.1 The Pensions Regulator issued its annual scheme return for public service pension schemes, which each LGPS fund has a legal duty to complete. The return was submitted on behalf of Northamptonshire Pension Fund ahead of the 11 August 2016 deadline.

2.7 The Pensions Regulator - Self-assessment tool for public service pension schemes

- 2.7.1 The Pensions Regulator (TPR) has published a self-assessment tool for those involved in running public service pension schemes to assess how they are getting on with both meeting their legal requirements and complying with the guidance set out in the Regulator's code of practice number 14 – governance and administration of public service pension schemes.
- 2.7.2 The tool sets out a range of processes, tools and actions that TPR expects to see in a well-run scheme and, upon completion, the tool provides schemes with indicative risk ratings in certain key areas.
- 2.7.3 LGSS Pensions had previously tested the tool and provided feedback to TPR regarding its functionality.

2.8 The Pensions Regulator - Survey of public service pension schemes

- 2.8.1 Following last year's survey of the governance and administration of public service pension schemes, the Pensions Regulator issued the 2016 survey. The survey builds on the content of last year's survey, but with a greater emphasis on record-keeping, internal controls and communications
- 2.8.2 The survey was completed in conjunction with the Chairman of the Pension Fund Board in line with the direction received from the Pensions Regulator.

2.9 Pensions and Lifetime Savings Association (PLSA) survey of LGPS pension funds

- 2.9.1 In August 2016 the Pensions and Lifetime Savings Association undertook its annual survey of LGPS pension funds with the aim of obtaining insights into the changing landscape in which pension schemes operate. The results of the survey will be shared once they become available.
- 2.9.2 In addition, the Pensions and Lifetime Saving Association have issued the first of a series of guides for employers participating in the LGPS:
- Guide for employers participating in the LGPS: An introduction to the LGPS for scheduled bodies; and;
 - Guide for employers participating in the LGPS navigating entry into the LGPS: for local government contractors.

Both documents are available on the PLSA's website and later this year there are plans to issue further guides for employers, focusing on participating and leaving the scheme.

<http://www.plsa.co.uk/PolicyandResearch/DB/Employers-participating-in-the-LGPS.aspx>

3. Consultations

3.1 Local Government Pension Scheme Regulations

3.1.1 On 27 May 2016 the Department for Communities and Local Government issued a 12 week consultation on a number of changes to the Local Government Pension Scheme in England and Wales.

3.1.2 The consultation focussed on the long awaited changes being proposed to accommodate New Fair Deal as well as specific draft regulations that would provide members with more options for using their Additional Voluntary Contributions in the scheme following the introduction of the Government's policy of Freedom and Choice in Pensions. The consultation also addressed draft regulations on how the scheme operates within the Public Sector Transfer Club and a number of draft amending regulations that are intended to improve the administration of the scheme.

3.1.3 The consultation closed on 20 August 2016. LGSS Pensions did not have capacity to respond to this consultation on this occasion, however, the response from the Local Government Association can be found at the following link;

<http://lgpsregs.org/images/Drafts/2016-05LGPSAmendsConsResponse.pdf>

3.2 Government publish response to college insolvency consultation

3.2.1 Following the Government consultation undertaken earlier this year to introduce insolvency provisions for further education and sixth form colleges in England (see articles in bulletins 148 and 149), the Department for Education has published its formal response.

3.2.2 The response notes that the LGPS was a common issue raised in responses and the Government respond to a number of the concerns raised about the potential impacts on the LGPS. In particular, the Government's views are as follows:

- Following the area review process, the risk of college insolvency will be very low and the special administration regime (SAR) will be a tool of last resort.
- However, in the event of a college insolvency event, most cases would not result in the crystallisation of a pensions deficit as there would be a merger with, or transfer to, another provider.
- Pension funds should nevertheless assess the strength of each employer's covenant.
- Providing guarantees from Government for college liabilities would not be appropriate as colleges do not form part of the public sector. The comparison with academies, for whom the Government does provide a limited guarantee, is therefore not fitting because academies are public bodies.

- During an insolvency event, the Government would consider whether ongoing pension contributions should form part of the costs of administration to be funded by Government.

3.2.3 The Government will now take forward their plans via primary legislation when parliamentary time permits.

4. Legislation

4.1 Guidance on Preparing and Maintaining an Investment Strategy Statement

4.1.1 On the 15 September DCLG issued the above new guidance. New investment regulations published on 23 September 2016 include a requirement for administering authorities to publish new Investment Strategy Statements by 1 April 2017 in accordance with this new guidance. Administering authorities will be required to act in accordance with the provisions in this guidance when Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 comes into force from 1 November 2016. An administering authority's duty to prepare, maintain and review their Funding Strategy Statement under Regulation 58 of the Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations") is unaffected.

4.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

4.2.1 These Regulations, which come into effect on 1 November 2016, make provision in relation to the management and investment of pension funds held by administering authorities required to maintain such funds by the Local Government Pension Scheme Regulations 2013.

4.2.2 The most significant amendment surrounds Regulations 7 and 8 which respectively require authorities to publish an investment strategy in accordance with guidance issued by the Secretary of State and enable the Secretary of State to issue a direction to any authority which fails to comply with its statutory obligations as regards its pension fund or which fails to act in accordance with the guidance.

4.3 Debate following e-petition on LGPS investment regulations

4.3.1 Earlier this year, an e-petition was set up on the Government website in response to the consultation on new investment regulations for the LGPS in England and Wales, which was underway at the time. The e-petition set out concerns about:

- the proposed Government intervention power in scheme investments,
- the requirement for an improved capacity for investment in infrastructure, and
- ensuring that investments be made in the interests of scheme members.

4.3.2 As the e-petition succeeded in getting over 100,000 signatures, the Government granted a debate on the subject and this debate was held on 24 October 2016. The Hansard transcript of the debate is available at:

<https://hansard.parliament.uk/commons/2016-10-24/debates/A7FADB91-3C81-4C9D-A6C9-791C57EEC3B2/LocalGovernmentPensionScheme>

4.4 Early Day Motion to annul LGPS Investment Regulations 2016

4.4.1 On 25 October, MPs from the Labour Party submitted an Early Day Motion (EDM) praying that the LGPS (Management and Investment of Funds) Regulations 2016 [SI 2016/946] be annulled. It is understood that the Early Day Motion had been submitted because of similar concerns to those that gave rise to the e-petition (as detailed above).

4.4.2 The EDM was not successful in annulling the legislation.

4.5 Publication of LGPS (England and Wales) statistics 2015/16

4.5.1 Following the completion of the 2015/16 SF3 data collection forms by LGPS administering authorities in England and Wales, DCLG have published the results.

4.5.2 The key points from the England release are:

- Total LGPS expenditure in England in 2015-16 was £10.0 billion. On a like-for-like basis the increase was £0.6 billion or 6.1% compared to 2014-15.
- Total LGPS income in England in 2015-16 was £12.4 billion. On a like-for-like basis the decrease was £0.2 billion or 1.4% compared to 2014-15.
- Employers' contributions to the LGPS in 2015-16 amounted to £6.6 billion and employees' contributions to the scheme were £2.0 billion.
- The market value of LGPS funds in England at the end of March 2016 was just over £200 billion.
- The LGPS in England encompasses more than 5.06 million people. Of this number, 1.8 million are employees who are still contributing to the scheme, 1.5 million are pensioners and 1.8 million are former employees who are entitled to a pension at some time in the future.

4.5.3 It should be noted when looking at the figures that:

- Comparisons on a fund level from 2012/13 to 2015/16 may be difficult given the transfer of probation staff to Greater Manchester Pension Fund in 2014/15.
- There have been changes in the way that administration costs are now recorded, meaning that historical comparisons may also be difficult in respect of the costs of the scheme.

4.5.4 The full report can be found at the following link;

5. Employer Admissions and Cessations Report

5.1 New Scheduled Bodies

- 5.1.1 Regulation 3 (1) of the Regulations provides for a person employed by a body listed in Schedule 2 to be an active member of the Local Government Pension Scheme. Part 1 of Schedule 2 includes “a proprietor of an Academy” as being a class of Schedule 2 employer and therefore a Scheduled Body. There is no discretion on the administering authority or the employer as to whether or not employers in Schedule 2 are provided with access to the Fund; it is a requirement.
- 5.1.2 The LGPS Regulations recognise the proprietor of the Academy as the scheme employer. Where Academies are part of a Multi Academy Trust (MAT), the Trust is the scheme employer and not each individual Academy. Academies joining an existing MAT are not reported as they are therefore not recognised as new scheme employers.
- 5.1.3 At the October meeting, the admissions of the St Thomas of Canterbury Catholic Academies Trust, the Pax Christi Academy Trust and the Aspire Learning Trust were noted.
- 5.1.4 At the December meeting, the admissions of Danesholme Infants School, The Spires Academy, Rectory Farm Primary School and Silverstone Church of England were noted.

5.2 New Admission Bodies

- 5.2.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 5.2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service or assets in connection with the exercise of a function of a scheme employer, as a result of a transfer of the service or assets by means of a contract or other arrangement. Though the Regulations effectively provide discretion on the administering authority as to which bodies become paragraph 1(d)(i) admission bodies, guidance by the Department of Communities and Local Government in December 2009 states “*The administering authority cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the LGPS regulations.*”

5.2.3 A body which falls under paragraph 1(a) of Part 3 of Schedule 2 is an admission body that is a body which provides a public service in the United Kingdom which operates otherwise than for the purpose of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest. The committee has discretion over allowing entry to a body that falls under this paragraph.

5.2.4 At the October meeting of the Pension Committee it was noted that the following have become new admission bodies in the Northamptonshire Pension Fund under paragraph 1(d)(i).

Date	New Admission Body	Background information
01/08/2015	Churchill Contract Services (Campion School)	Campion School has outsourced its cleaning services to Churchill Contract Services. As a result, a number of cleaning staff transferred, under TUPE regulations, to Churchill Contract Services.
11/07/2016	Maxim Facilities Management (Bishop Stopford Academy)	Bishop Stopford Academy has outsourced its cleaning services to Maxim Facilities Management. As a result the staff transferred, under TUPE regulations, to Maxim Facilities Management on a Pass Through Admission arrangement.
01/04/2016	Prospects Services	Northamptonshire County Council has outsourced its NEET prevention services, previously provided by Horizons NPF, to Prospects Services. As a result the staff transferred, under TUPE regulations, to Prospects Services.
01/04/2016	Kingswood Catering (Brigstock Latham's Church of England Primary School)	Following the closure of Northamptonshire County Council's catering services, Brigstock Latham Church of England Primary School has outsourced its catering services to Kingswood Catering. As a result some catering staff transferred from Northamptonshire County Council to Kingswood Catering under TUPE regulations.
01/07/2015	KGB Cleaning & Support Services	Northampton Academy has outsourced its cleaning services to KGB Cleaning & Support Services. As a result the staff transferred, under TUPE regulations, to KGB Cleaning on a Pass Through Admission arrangement.

6.2.5 At the December meeting of the Pension Committee it was noted that the following have become new admission bodies in the Northamptonshire Pension Fund under paragraph 1(d)(i).

Date	New Admission Body	Background information
01/09/2016	Love Foods (Nourish)	Following the closure of Northamptonshire County Council's catering services (Nourish), a number of Northamptonshire Academies and LEA schools have outsourced their catering services to Love Foods. As a result some catering staff transferred from Northamptonshire County Council to Love Foods under TUPE regulations. This has resulted in Love Foods entering into multiple admission agreements with the Fund. A full list of which can be found in appendix A.
01/09/2016	Dolce (Nourish)	Following the closure of Northamptonshire County Council's catering services (Nourish), a number of Northamptonshire Academies and LEA schools have outsourced their catering services to Dolce. As a result some catering staff transferred from Northamptonshire County Council to Dolce under TUPE regulations. This has resulted in Dolce entering into multiple admission agreement with the Fund. A full list of which can be found in appendix B.
31/10/2016	Easy Clean Contractors (Little Harrowden)	Little Harrowden Academy has outsourced its cleaning services to Easy Clean Contractors which has resulted in the transfer of staff, under TUPE regulations, to Easy Clean Contractors. This body is admitted under a Pass Through agreement meaning the Academy remains responsible for the pension liabilities.
01/09/2015	Easy Clean Contractors (Prince William Academy)	Prince William Academy has outsourced its cleaning services to Easy Clean Contractors which has resulted in the transfer of staff, under TUPE regulations, to Easy Clean Contractors. This body is admitted under a Pass Through agreement meaning the Academy remains responsible for the pension liabilities.

6.3 New Designating Body

- 6.3.1 Regulation 3 (1) of the Regulations provides for a person, who is employed by a body listed in Part 2 of Schedule 2 and is designated, or belongs to a class of employees that is designated, by the body, to be an active member of the Local Government Pension Scheme.
- 6.3.2 The designating body has to pass a resolution to designate employees as being eligible for membership of the Local Government Pension Scheme.

6.3.3 At the October meeting of the Pension Committee it was noted that Earls Barton Parish Council is a designating body by means of being a precepting authority within the meaning of section 69 of the Local Government Finance Act 1992 and has passed a resolution to allow employees of the Council to join the LGPS with effect from 1 August 2016.

6.3.4 At the December meeting of the Pension Committee it was noted that Overstone Parish Council and Weedon Bec Parish Council are designating bodies by means of being a precepting authority within the meaning of section 69 of the Local Government Finance Act 1992 and has passed a resolution to allow employees of the Council to join the LGPS.

6.4 Cessations

6.4.1 In October the cessations of Community Spaces Northampton Ltd and Horizons NFP were noted by the Committee.

6.4.2 Community Spaces Northampton Ltd was admitted to the Fund, as a Transferee Admission Body, on 1 March 2012 as a result of a contract to provide community centre management services for Northampton Borough Council. This resulted in the transfer of Northampton Borough Council employees to Community Spaces Northampton under TUPE regulations.

6.4.3 The admission agreement has now ceased due to the last active LGPS members, under the contract, leaving the scheme on 4 July 2016. All contribution payments are up to date and Leavers certificates have been requested in preparation for the Actuarial Cessation assessment.

6.4.4 As a Transferee Admission Body, Northampton Borough Council guarantee the pension liabilities. As a result, if a cessation payment is required and this cannot be recovered from Community Spaces Northampton Ltd, or a bond agreement, any outstanding payment will be met by Northampton Borough Council, therefore protecting the Fund as whole.

6.4.5 Horizons NFP was admitted to the Fund under a Full Admission agreement on 5 December 2014 as a result of a contract to provide a Young People advice service for Northampton County Council. This resulted in the transfer of Northamptonshire County Council employees to Horizons NFP, under TUPE regulations.

6.4.6 The Admission Agreement has now ceased following a retendering of the service and a new provider being chosen. Horizons ceased to be an employer within the fund on 31 March 2016 and all contributions payments are up to date. Northamptonshire County Council have agreed to take on the pension liabilities eliminating the requirement for a cessation valuation.

- 6.4.7 In December the cessations of Northamptonshire Enterprise Partnership and East Northants Cultural Trust were noted by the Committee.
- 6.4.8 Northamptonshire Enterprise Partnership (formerly Northamptonshire Enterprise Limited) was admitted to the Fund, as a Transferee Admission Body, on 1 September 2006 as a result of a contract to deliver strategic infrastructure and skills project services for Northamptonshire County Council. This resulted in the transfer of Northamptonshire County Council employees to Northampton Enterprise Partnership under TUPE regulations.
- 6.4.9 The admission agreement has now ceased due to the closure of the organisation on 1 October 2016. All contribution payments are up to date and Leavers certificates have been requested in preparation for the Actuarial Cessation assessment.
- 6.4.10 As a Transferee Admission Body, Northamptonshire County Council guarantee the pension liabilities. As a result, if a cessation payment is required and this cannot be recovered from Northamptonshire Enterprise Partnership, or a bond agreement, any outstanding payment will be met by Northamptonshire County Council, therefore protecting the Fund as whole.
- 6.4.11 East Northamptonshire Cultural Trust Ltd was admitted to the Fund, as a Transferee Admission Body, on 1 August 2003 as a result of a contract to deliver cultural services and management of leisure facilities on behalf of East Northamptonshire District Council. This resulted in the transfer of East Northamptonshire District Council employees to East Northamptonshire Cultural Trust Ltd.
- 6.4.12 The admission agreement has now ceased due to the termination of the contract 1 October 2016. All contribution payments are up to date and Leavers certificates have been requested in preparation for the Actuarial Cessation assessment.
- 6.4.13 As a Transferee Admission Body, East Northamptonshire District Council guarantee the pension liabilities. As a result, if a cessation payment is required and this cannot be recovered from East Northamptonshire Cultural Trust Ltd, any outstanding payment will be met by East Northamptonshire District Council, therefore protecting the Fund as whole.

7. 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>

8. Finance & Resources Implications

8.1 Not applicable.

9. Risk Implications

a) Risk(s) associated with the proposal

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

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

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

10. Communication Implications

10.1 Not applicable.

11. Legal Implications

11.1 Not applicable.

12. Consultation with Key Advisers

12.1 Not applicable.

13. Alternative Options Considered

13.1 Not applicable

14. Background Papers

- 14.1 Links to reports from the 21 October and 16 December meetings of the Pension Committee:

<https://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2660/Committee/412/Default.aspx>

<https://cmis.northamptonshire.gov.uk/cm5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2661/Committee/412/Default.aspx>

15. Appendices

Appendix 1 – Dolce Admissions

Appendix 2 - Love Foods Admissions

Appendix 3 - Pensions Committee Minutes (21 October 2016)

Appendix 4 – Pensions Committee Minutes (16 December 2016)

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 Head of Pensions?	Mark Whitby – 22/12/2016

Appendix 1

Dolce Admissions

<u>Name of School</u>	<u>Ceding Employer/MAT</u>
Brambleside Community Primary School	Brambleside Academy Trust
Queen Eleanor Primary Academy	Creative Education Academies Trust
Falconer's Hill Infant School	David Ross
St James Infant - Daventry	Diocese of Peterborough Education Trust
Ruskin Infant School & Nursery	Education Fellowship
Hartwell Primary School	Hartwell Primary School
Kingsley Primary School	Kingsley Primary School
Alfred Street Junior School	LEA
Barton Seagrave Primary School	LEA
Blakesley Church of England Primary School	LEA
Bracken Leas Primary School	LEA
Brackley Junior	LEA
Broughton Primary School	LEA
Byfield Primary	LEA
Cogenhoe Primary School	LEA
Cranford Church of England Primary School	LEA
Crick Primary	LEA
Croughton School	LEA
Denton Primary School	LEA
Duston Eldean Primary School	LEA
East Haddon Primary School	LEA
Glaphorn CE (Controlled) School	LEA
Great Doddington Primary	LEA
Harpole Primary School	LEA
Hopping Hill Primary School	LEA
Isham Church of England Primary School	LEA
Kingsthorpe Grove Primary School	LEA
Little Houghton Church of England Primary	LEA
Long Buckby Infant School	LEA
Lyncrest Primary School	LEA
Maidwell Primary	LEA
Meadowside Primary School	LEA
Mears Ashby / Sanders Gate	LEA
Millway Primary School	LEA
Newbottle and Charlton CEVA Primary School	LEA
Our Lady's Catholic Infant School	LEA
Our Lady's Catholic Junior School	LEA
Park Junior School, Wellingborough	LEA
Pattishall Church of England Primary School	LEA
Rectory Farm Primary School	LEA
Redwell Infants Primary	LEA

Redwell Juniors Primary	LEA
Roade Primary School	LEA
Rothersthorpe Church of England Primary School	LEA
Sanders Gate - Nourish Hub Kitchen	LEA
Silverstone Church of England Primary School	LEA / Federation
Tennyson Road Infant School	LEA
The Bliss	LEA
Whitefriars Infant School	LEA
The Gateway School	LEA
Yardley Hastings	LEA
Yelvertoft Primary School	LEA
Ecton Brook Primary School	Northampton Primary Academy Trust (NPAT
Lings Primary School	Northampton Primary Academy Trust (NPAT
Abington Vale Primary School - Park & Stirling Campus	NPAT
Oakway Academy	Sir Christopher Hatton Academy Trust
Victoria Primary School	Sir Christopher Hatton Academy Trust
Boddington Church of England Primary School	South Northamptonshire CofE MAT
Chipping Warden School	South Northamptonshire CofE MAT
Culworth Church of England Primary School	South Northamptonshire CofE MAT
Middleton Cheney Community Primary School	South Northamptonshire CofE MAT
St Loys	South Northamptonshire CofE MAT
Southfield Nursery and Primary School	Southfield Nursery and Primary School
St Mary's Catholic Primary School	St Thomas of Canterbury Catholic Academies Trust
Ecton Brook Primary School	Northampton Primary Academy Trust (NPAT
Lings Primary School	Northampton Primary Academy Trust (NPAT
Abington Vale Primary School - Park & Stirling Campus	NPAT
Oakway Academy	Sir Christopher Hatton Academy Trust
Victoria Primary School	Sir Christopher Hatton Academy Trust
Boddington Church of England Primary School	South Northamptonshire CofE MAT
Chipping Warden School	South Northamptonshire CofE MAT
Culworth Church of England Primary School	South Northamptonshire CofE MAT
Middleton Cheney Community Primary School	South Northamptonshire CofE MAT
St Loys	South Northamptonshire CofE MAT
Southfield Nursery and Primary School	Southfield Nursery and Primary School
St Mary's Catholic Primary School	St Thomas of Canterbury Catholic Academies Trust

Appendix 2

Love Foods Admissions

Name of School	<u>Ceding Employer/MAT</u>
Corby Old Village Primary School	LEA
Henry Chichele Primary School	LEA
Higham Ferrers Junior School	LEA
Higham Ferrers Nursery & Infants School	LEA
Kings Cliffe Endowed School	LEA
Nassington Primary School	LEA
Polebrook Church of England Primary School	LEA
Rothwell Junior School	Montsaye Community Learning Partnership
Rothwell Victoria Infant School	Montsaye Community Learning Partnership

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Democratic Services
County Hall
George Row
Northampton
NN1 1DN

Pension Committee

Minutes: 21 October 2016

**Venue: Room G2, John Dryden House, Northampton
(Meeting held in public)**

PRESENT:-

Councillor Graham Lawman (Chairman)

Peter Borley-Cox	Employee Representative
Councillor Michael Brown	Northamptonshire County Council
Councillor Michael Clarke	Northamptonshire County Council
Councillor Jim Hakewill	Northamptonshire County Council (Vice-Chairman)
Andy Langford	Employers' Representative (substitute for Josie Mason)
Councillor Richard Lewis	Borough & District Representative
Councillor Chris Lofts	Northamptonshire County Council
Roger Morris	Colleges/University Representative
Councillor Bob Scott	Northamptonshire County Council

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

Paul Evans	Chairman of the Local Pension Board
Damon Lawrenson	Finance Director
Geoff Nathan	Hymans Robertson
Michelle Oakensen	LGSS Pensions Governance Officer
Jenny Rendall	Democracy Officer (minutes)
Joanne Walton	LGSS Pensions & Regulations Manager
Mark Whitby	LGSS Head of Pensions

46/16 Apologies for non-attendance

Apologies for non-attendance were received from Councillors Peter Rawlinson (Other Local Authority Representative) & Russell Roberts (Northamptonshire County Council), Robert Austin & Alicia Bruce (Other Employers Representatives), Josie Mason (Member Representative) and Matt Bowmer (Director of Finance).

47/16 Notification of Requests from Members of the Public to Address the Meeting

None received.

48/16 Declaration of Members' Interests

Item	Councillor/Member	Nature
All	Peter Borley-Cox	Member of the Local Government Pension Scheme (LGPS)

All	Councillor Chris Lofts	Member of the LGPS
All	Roger Morris	Recipient of the LGPS

49/16 Chairman's Announcements:

None made.

50/16 Minutes of the Pension Committee Meeting held in public on 29 July 2016:

RESOLVED that: The Pensions Committee approved the minutes of the meeting held in public on 29 July 2016 subject to the removal from those attending of Joanne Walton.

51/16 Action Log from Pensions Committee Meeting held in public on 29 July 2016:

RESOLVED that: the Pensions Committee noted the action log from the Pensions Committee meeting held in public on 29 July 2016.

52/16 Minutes of the Investment Sub-Committee meeting held in public on 16 September 2016:

The following was noted:

- Item 33/16, 2nd bullet point should refer to the Fund's asset value rising by £50million.
- Item 33/16, answers to queries, 3rd bullet point should state China would affect the UK.

RESOLVED that: the Pensions Committee noted the action minutes of the Investment Sub-Committee meeting held in public on 16 September 2016.

At this point the Committee resolved that Under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A to the Act would be disclosed to them.

53/16 Minutes of the Investment Sub-Committee meeting held in private on 16 September 2016:

RESOLVED that: the Pensions Committee noted the action minutes of the Investment Sub-Committee meeting held in private on 16 September 2016.

54/16 Funding Strategy Statement and Assumptions Report:

RESOLVED that: the Pensions Committee:

- 1) **Approved the draft of the Funding Strategy Statement for consultation; and**
- 2) **Approved the proposed assumptions to be used in the triennial valuation process.**

(Paul Evans left the meeting at 11.02am)

At this point the meeting returned to public session as follows:

55/16 Asset Pooling Update Report

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

- The Chairmen were meeting monthly but could only agree things in principle with formal decisions taken to the Pensions Committees for approval. The Northamptonshire Chairman was being advised by members through the ACCESS Working Group.
- A key decision was regarding whether to rent or build an operator. The Northamptonshire Working Group had expressed a desire to rent and the recommendation to the Chairman's Group was to rent an operator for a number of reasons including the cost to build an operator and the ability to have a greater say in the manager selection.
- A number of operators were invited to the latest ACCESS pool chairmen's event. The operator that attended had advised that they were significant in terms of market share but were unable to provide full fiduciary management.
- Wales had undertaken a prior information request to assess the market. They had reduced 20 operators put forward down to 10.
- Even renting would make it tight to be ready to begin from 1 April 2018.
- A formal governance structure for the pool was required. It would effectively be a joint governance committee involving the full councils of the various committees.
- There would be some engagement days the chairmen may wish to attend.
- The decision had been to seek approval from the Northamptonshire Pension Committee to renting an operator whilst committing to ascertain if a build option would be possible.

The Chairman highlighted the following:

- There had been a variety of views expressed in terms of renting or buying an operator and buying was a very strong option in the long-term. One possible operator had attended to provide a presentation who said they would be happy to be directed on where the funds were invested which was different to information from the Government. This appeared to sway a lot of those attending particularly as a lot of offers were made one being that the operator would be happy to sell it to the ACCESS pool once it had all been set up.
- Although selling the operation to the ACCESS pool would mean the pool did not have to pay the £10million bond this would be factored into the selling price.
- It was felt many of the other potential operators were not in a position to take on the work for the pool, particularly in respect of its size.
- Timescales appeared to be very tight for building its own operation so renting would also assist to meet the timescales.
- A letter was being forwarded to the relevant Minister that day to state that if they did not receive acceptance of their submission the pool would move forward but they would cease making any commitments that could cost money.
- The on-costs in setting up the pool had been recognised. It would cost between £3million and £5million a year to run each pool.
- All 11 members of the ACCESS pool were shire counties and had therefore joined on a likeminded basis.
- There had been a memorandum of understanding between the various officers for some time that had been updated and extended and for which terms of reference had been published. John Wright from Hymans Robertson had agreed to act as an Independent Chairman until such time as an inter-authority agreement was agreed.

At that point a chairman from the constituent authorities would be elected for 2 years with the chairmanship revolving amongst the funds in the pool.

It was also suggested members should focus on the benefits of a pooled arrangement and not the costs of setting things up. There was also a need to consider whether savings could have been achieved outside of the pool.

Queries on the report were answered as follows:

- There was a project plan but it was felt 3 to 5 years was a reasonable timescale for ascertaining the viability of the building option. The agreement would provide authority to the chairmen of each fund to make particular decisions.
- A potential operator willing to lose the business at some point by selling it to the fund would consider the effect of this when calculating its costs during initial years.
- How costs would be split had not yet been agreed as some funds were smaller than others. Staff would need to be qualified and acceptable to the authorities in the pool. Some items would need to be undertaken quickly in order to progress the project.
- The Chairmen meetings have been scheduled through to February 2017, the next one to be held in December 2016.

RESOLVED that: the Pensions Committee:

- 1) Noted the progress made on the Asset Pooling proposal and approved the submission.**
- 2) Approved the agreement of the Chairman on 2 September 2016 to initially rent the operator function, with a view in the medium term to wholly own the operator.**

56/16 Asset Allocation Amendment

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

- At the last Investment Sub Committee (ISC) meeting a paper had been presented by Mercers Ltd with regard to making a change to the allocations to enable some funding to be allocated to alternative investments. This would be a separate allocation to the current property allocation.
- The ISC had held a lengthy discussion about this issue and the paper set out various types of assets, information on private equity and private debt.
- With pooling imminent there was the opportunity to collaborate in this space as well.
- The first 2 recommendations dealt with alternatives and recommendation 3 related to amendments that would be required depending on the option chosen.
- Current strategic allocation was noted in Section 5.2.2 of the report.

Questions on the report was answered as follows:

- The diversified growth fund was part of alternatives as well.
- It sometimes took some time to invest all of an allocation and these would not bring immediate rewards.
- The diversified growth fund was not part of this decision.
- The recommended decisions were for up to 10% to be allocated to alternatives plus the diversified growth fund or combining property and alternatives to make a joint allocation of 18%.
- This would include infrastructure as well.

RESOLVED that: the Pensions Committee:

- 1) Approved a 10% allocation to Alternative Investments to be funded over time from other asset classes, in line with commitments and cash flow priorities; and**
- 2) Approved the amendments to the Statement of Investment principles to reflect the approved asset allocation changes and update in respect of collaboration.**

57/16 Governance and Legislation Report

At the Chairman's invitation, Governance Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating the scheme advisory board had submitted their budget alongside a work plan for the year to the Pensions Minister for his approval. Nicola Mark was nominated to fill the non-voting practitioner seat on the Local Government Pension Scheme Advisory Board, she is also in the ACCESS pool. There were also some amendments to the regulations that would address items such as the new fair deal and freedom of choice which would make administration of the scheme in some areas more straightforward. Finally there was also a list of training events.

The Chairman encouraged members to inform the Governance Regulations Manager should they wish to attend any conferences and/or seminars.

RESOLVED that: the Pensions Committee: noted:

- 1) information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis;**
- 2) information on new or amending legislation affecting the LGPS;**
- 3) details of relevant consultations affected the LGPS; and**
- 4) details of forthcoming training events.**

58/16 Pension Fund Annual Business Plan Update report 2016-17

At the Chairman's invitation, LGSS Governance Officer, Michelle Oakensen introduced this report (copies of which had been previously circulated) highlighting the following:

- A written statement had been received from the member and the member's daughter in relation to the overturned dismissal case. The member had agreed to pay £100 per month towards repaying the overpayment. When he retired the lump sum due will be offset against the overpayment.
- This had been the first year that annual benefit statements had been issued via the self-service website. The statistics showed a significant hike in the number of hits on the site as the statements were issued.
- After experiencing issues with one employer it was realised these issues were due to a transfer of staff. Following discussions with the employer they had now received a payment schedule and the employer was expected to be able to meet the statutory requirement in the future. It would however, be monitored.
- The Key Performance Indicator to provide a maximum of one estimate of benefits to employees per year on request had been below the target for the period. This was due to the volume of redundancies retirements and also staff shortages in that area.

Questions on the report were answered as follows:

- Some issues remained with employers paying by cheque. This had been escalated to the Employers Team who were taking the issue up with the employer who claimed they had no other method for making payments.

- With regard to the employer who had made an unreconciled payment in April and non-payment for May, June and July, things had developed and the employer was in the process of producing payment schedules in order for payment to be made. If the schedule was not followed or they defaulted quite quickly, the matter would be progressed further.
- The Castle were in administration and action was taken by the Pension Fund at the earliest point.

Members also commented that the Payroll update had been a massive undertaking and officers were congratulated on the work they had undertaken on this. It had been delayed by a month but had all now gone through smoothly.

(Councillor Michael Brown left the meeting at 12noon)

RESOLVED that: the Pensions Committee noted the Pension Fund Business Plan Update for the 2016-17 financial year.

59/16 Employers' Admissions and Cessations Report:

At the Chairman's invitation, the Head of Pensions, Mark Whitby introduced this report (copies of which had been previously circulated).

Queries on the report were answered as follows:

- The employer data base included an analysis of the risk of every employer in the fund as part of the valuation. Some were highlighted in red, as any liability could potentially fall back on the Fund,
- There were also some employers within the fund for whom setting appropriate rates for payments to protect the fund could force them under and for them it would be better to set rates that at least achieved some contribution to the Fund rather than nothing as a result of their business failing.
- If an academy set a short term contract with a sub-contractor guarantees could be obtained. The alternative would be to fall back on pension's legislation using the academy as a protector for the fund.
- Academies were classed as stable because there was in theory a guarantee for them from the Government.

RESOLVED that: the Pensions Committee:

- 1) **Noted the admission of the following admission bodies to the Northamptonshire Pension Fund:**
 - **Churchill Contract Services (Campion School)**
 - **KGB Cleaning & Support Services (Northampton Academy)**
 - **Prospects Services**
 - **Maxim Facilities Management (Bishop Stopford Academy)**
 - **Kingswood Catering (Brigstock Latham's Church of England Primary LEA School);**
- 2) **Noted the admission of the following designating bodies to the Northamptonshire Pension Fund**
 - **Earls Barton Parish Council;**
- 3) **Noted the admission of the following scheduled bodies to the Northamptonshire Pension Fund**
 - **St Thomas of Canterbury Catholic Academies Trust**

- **The Pax Christi Academy Trust**
 - **Aspire Learning Trust; and**
- 4) **Noted the current withdrawal from the Northamptonshire Pension Fund of the following bodies:**
- **Community Spaces Northampton Ltd**
 - **Horizons NPF.**

60/16 Risk Register:

At the Chairman's invitation, Governance Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating that the Committee had agreed 20 objectives which it was agreed would be approached via the risk strategy. The register had a list of 54 risks as set out in the appendix to the report. The risk register demonstrated which objective the risk related to, the gross impact and likelihood, the controls in place and the residual impact and likelihood as a result of those controls.. There were 18 risks identified as an amber threat and 2 in red. Impact descriptors and the likelihood scoring matrix were included in appendices 2 and 3 to the report.

Questions on the report were answered as follows:

- Growth assets would produce a risk should they reduce.
- Officers could review wording on risk 25. Those risks highlighted in amber or red would be routinely brought back to the Committee.
- The risks produced by the fact that members were elected members were highlighted under risk number 9.

RESOLVED that: the Pensions Committee approved the Risk Register noting that they would be provided with regular updates on those risks noted in red and amber and that officers would enhance the register as and when required.

61/16 Non-Recovery of Overpayment of Pension Report

At the Chairman's invitation, Governance Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) reminding members that the overpayment policy that was approved in July 2015 gave power to the Director of Finance to write off over-payments of £10,000 or more. There had been a case of an over-payment of £16,000 gross when a deceased pensioner's widow received a 3 month short widow's pension as well as the main pension. Unfortunately the short term pension was not ceased at the appropriate time and was paid the incorrect amount for 6.5 years. Whilst attempting to address the issue, the widow died. Although she had been sent a letter regarding the over-payment, she had moved to Spain and the letter never arrived until after her death. Officers felt it would be uncomfortable to recover the over-payment and submitted a report to the Finance Director who agreed to write it off. There was a need however to report this incident to the Committee.

Queries on the report were answered as follows:

- Officers were confident that the Altair payroll system would eliminate such cases in the future as there is no need for double entry from the administration system to the payroll system as this is now the same.
- The Pensions Regulator did expect reconciliations in future and this part of the work would be reinvigorated.
- Officers were working on data cleansing to meet The Pensions Regulator requirements.

- Where the fault lay with this particular case could not be identified as payroll services were at the time provided by an external provider.
- Over the next 2 months the administration and payroll items of the system would be merged to give 1 single instance for everything and this would ensure the payroll side was always updated.

RESOLVED that: the Pensions Committee noted the decision made not to recover an overpayment of pension.

62/16 Pension Fund Annual Report and Statement of Accounts:

At the Chairman's invitation the Head of Pensions, Mark Whitby introduced this report (copies of which were previously circulated) stating this was concerned with the results of the audit review as noted in Section 2 of the report. From the pensions point of view all went very smoothly and the external auditors had commented on the significant improvement in the working papers submitted. One issue raised was with the improvement of journals. The new ERP system was coming in with different processes but in pensions journals were approved by a second person. The report needed an update from the Chairman.

Members commented as follows:

- It was noted the annual report would be presented to the next meeting of Council.
- External auditors read through the report looking for consistency, if items matched property and that totals agreed.
- The fund performance referred to the financial year to 31 March 2016.

RESOLVED that: the Pensions Committee noted the Pension Fund Annual Report and Statement of Accounts 2015-16.

There being no further business, the meeting closed at 12.25pm.

Chairman's Signature:-

Date:-



Democratic Services
County Hall
George Row
Northampton
NN1 1DN

Pension Committee

Minutes: 16 December 2016

**Venue: Room G2, John Dryden House, Northampton
(Meeting held in public)**

PRESENT:-

	Councillor Graham Lawman (Chairman)
Peter Borley-Cox	Employee Representative
Alicia Bruce	Other Employers Representative
Councillor Michael Clarke	Northamptonshire County Council
Councillor Jim Hakewill	Northamptonshire County Council (Vice-Chairman)
Josie Mason	Members' Representative
Roger Morris	Colleges/University Representative
Councillor Bob Scott	Northamptonshire County Council

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

Ben Bailey-Conlon	Hymans Robertson
Matt Bowmer	Director of Finance
Douglas Green	Hymans Robertson
Michelle Oakensen	Governance Officer
Jenny Rendall	Democracy Officer (minutes)
Paul Tysoe	Investment & Fund Accounting Manager
Joanne Walton	Governance & Regulations Manager
Mark Whitby	Head of Pensions

64/16 Apologies for non-attendance

Apologies for non-attendance were received from Councillors Michael Brown and Russell Roberts (Northamptonshire County Council & Peter Rawlinson (Other Local Authority Representative) as well as Damon Lawrenson (Director of Finance).

65/16 Notification of Requests from Members of the Public to Address the Meeting

None received.

66/16 Declaration of Members' Interests

Item	Councillor/Member	Nature
All	Peter Borley-Cox	Member of the Local Government Pension Scheme (LGPS)
All	Alicia Bruce	Member of the LGPS
All	Councillor Hakewill	Member of the LGPS
12	Councillor Lawman	Trustee of the Sir Christopher Hatton Trust.

All	Josie Mason	Beneficiary of the LGPS
All	Roger Morris	Beneficiary of LGPS Pension

67/16 Chairman's Announcements:

There were none.

68/16 Minutes of the Pension Committee Meeting held in public on 21 October 2016:

RESOLVED that: The Pensions Committee approved the minutes of the meeting held in public on 21 October 2016 subject to the following amendment:

- **Item 56/16/ resolution 1 should state '*up to 10% allocation to Alternative Investments*'.**

69/16 Action Log from Pensions Committee Meeting held in public on 21 October 2016:

RESOLVED that: the Pensions Committee noted the action log from the Pensions Committee meeting held in public on 21 October 2016.

70/16 Minutes of the Investment Sub-Committee Meeting held on 18 November 2016:

RESOLVED that: the Pensions Committee noted the minutes of the Investment Sub-Committee meeting held on 18 November 2016 subject to the following amendment:

- **Item 52/16 should state '*subject to due diligence*' at the end of the resolution.**

71/16 Pension Fund Annual Business Plan Update Report 2016-17:

At the Chairman's invitation, Governance Officer, Michelle Oakensen introduced this report (copies of which had been previously circulated) highlighting that the team had now achieved the Customer Service Excellence Standard Award which would be valid until the next full assessment in 2019. Key Performance Indicators (KPIs) estimates for October were at 74% which took them into a 'red' rag status. As explained in the report this was due to other more urgent projects such as the implementation of Altair pensioner payroll and associated resource restrictions.

At the Chairman's invitation the Head of Pensions, Mark Whitby then discussed a report from Payroll and HR Transactions Manager, David Hannah (copies of which were circulated at the meeting) stating that when moving from Oracle to the new Altair pensioner payroll, HMRC were informed via a FPS file that everyone was a leaver on the Oracle payroll. There was one error on the file submitted which caused the whole file to be rejected which was not spotted for some weeks. In the meantime a further file was sent notifying HMRC of the members joining the Altair payroll (with a different tax reference) which meant that HMRC interpreted these members as being in receipt of two pensions. This caused a change in tax codes for a large number of pensioners. Once LGSS Payroll became aware of this error a replacement FPS file was submitted and attempts were made to manually adjust the incorrect codes but did not have sufficient time to do so for every pensioner before the payroll closed. LGSS Pensions were not informed that the corrective action was not completed and so it was not possible to contact members to inform them before they were paid. This resulted in a significant number of telephone and email enquiries to both the LGSS Help Desk (who were not resourced to manage the increase in calls) and LGSS Pensions.

Answers on the report were answered as follows:

- New PAYE references were required because there were multiple pension schemes being paid under one code.
- Individual's tax positions would be corrected where appropriate and the Payroll Team were liaising with HMRC to ensure correct codes came through.
- Communications were added to the website.
- There were approximately 6,000 individuals out of 15,000 affected.
- Some of the new codes could have been correct.
- The Pensions Team discovered the issue when a pensioner contacted them in November.
- The rejection notification had been sent to a Cambridgeshire County Council (CCC) email account and was not noticed for 3 weeks. A completely different process was now in place so the issue should not re-occur.
- Providing emergency payments to pensioners who had experienced a dramatic decrease in pay due to this error was similar to providing an advance payment for which there would be a small admin fee for the cost of making payment by CHAPS which would be absorbed by LGSS Payroll.
- Payroll were only able to use tax codes given to them by HMRC even if they knew they were incorrect.
- The Altair Payroll function was able to automatically accept and change tax codes.
- A Service Level Agreement (SLA) would be put in place with Payroll to ensure the Pensions Team could pick up on all checks and there was a project manager to ensure everything was running as it should.
- It was felt Payroll were aware of the issue but did not say anything to the Pensions Team who could have assisted had they been aware of the issue.
- The mistake happened because HMRC thought everyone was a new employee and it would not have happened had the PAYE reference not been changed. There could not be 2 different active systems at the same time however.
- The issue would be monitored and it was suggested an apology to all those affected would be good.
- All those who had assisted to correct the mistake were thanked for their hard work.

RESOLVED that:

- 1) the Pensions Committee noted the Pension Fund Business Plan Update for the 2016-17 financial year; and**
- 2) All those assisting would be thanked for correcting the mistakes.**

At this point the Committee resolved that Under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A to the Act would be disclosed to them.

72/16 Minutes of the Pensions Committee meeting held in private on 21 October 2016:

RESOLVED that: The Pensions Committee approved the minutes of the meeting held in private on 21 October 2016.

73/16 Minutes of the Investment Sub-Committee held in private on 18 November 2016:

RESOLVED that: the Pensions Committee noted the minutes of the Investment Sub-Committee meeting held on 18 November 2016 subject to the following amendment:

- **Item 52/16 should state ‘*subject to due diligence*’ at the end of the resolution.**

74/16 Valuation:

At the Chairman’s invitation, Douglas Green from Hymans Robertson provided a verbal update highlighting the following:

- The review of the employer contribution rates was undertaken every 3 years and on this occasion the Fund was considered to be in a good position. The Committee was suitably informed and engaged, employers were suitably informed and engaged, the whole process was compliant, the whole fund results looked good in relation to the Fund’s peers and appropriate contribution rates were set for all employers.
- As could be seen from the map of the actuarial valuation process (copies of which were provided at the meeting), data was collated from LGSS officers and this was combined with assumptions about the future to produce the whole fund results.
- The funding position had improved from 71% to 78% with a reduction in deficit of approximately £130million.
- Improvements were due to good investment returns and member benefit increases being lower than expected.
- Hymans Robertson were required to provide the Government Actuary and the Department of Communities and Local Government (DCLG) a valuation of the fund using a defined set of rules set by the DCLG. The returns, which were published anonymously, rated Northamptonshire just below average. The actual funding levels published were higher because the Government used more optimistic assumptions.
- There were an increasing number of scheme employers within the Fund, primarily because of academisation and there was a need to ensure every employer paid its own way. A contribution rate appropriate for each employer’s circumstances was calculated and a framework was applied which was captured in the funding strategy statement. Consultation with scheme employers over the funding strategy statement would enable employers to understand how their contributions had been calculated. The majority of employers had received their results.
- Because of the importance of cost of services to the local community, further analysis was undertaken for council employers, one in the summer and another a month previously with Chief Financial Officers or deputies. Some councils would have their contribution rates frozen and others a freeze in the first year followed by 1% in the next 2 years.
- Issues that might be caused by increased contributions were discussed with employers along with potential options for resolving those issues.
- Academies in the past had made higher contributions but it was now felt their increases could be limited and many would have contribution reductions.
- There were a number of community admission bodies that did not need to be in the fund in the long term and were now coming to the point of cessation. Minimising any deficit they might leave would result in some hefty increases as they approached cessation.
- The next step would be to finalise the Funding Strategy Statement and the Valuation Report would be signed off by the end of March, followed by the schedule to every employer for the next 3 years.

Queries on the update were answered as follows:

- The Government took a standardised approach to all funds which placed Northamptonshire 48th out of 90 funds.
- During the 2013 valuations 2 other funds had been named and shamed when the results on a common basis were published. This was because they would not have been sure about their deficit recovery plans. During the 2016 valuation Northamptonshire was picked at random to ascertain compliancy and they were satisfied that Northamptonshire was.
- The number of staff supporting the LGPS at DCLG had been reduced and the Scheme Advisory Board was looking at various other things particularly the impact of academies.
- A validation of employer contacts was undertaken regularly throughout the year. The Pensions Team attempted to follow up any lack of response by other means.
- It was typical amongst LGPS that not all employers attended the forums. A proposal for contributions did tend to get a response however.
- Every employer received a schedule of results from the Valuation. They also received a yearly form which set out contributions for the year. This form was also sent to their payroll providers. The team also checked all funds received to ensure they were correct.
- The Pensions Committee would be informed of any employer who continued to pay an incorrect amount irrespective of any chasing correspondence from the team. The team also spent a lot of time contacting employers via the telephone. Most employers now used BACS to make contribution payments.

RESOLVED that: the Pensions Committee noted the Valuation update.

At this point the meeting returned to public session as follows:

75/16 Internal Audit Update – Internal Audit report 2015-16:

At the Chairman's invitation, Assistant Director, Audit & Risk, Duncan Wilkinson introduced this report (copies of which were previously circulated) highlighting the following:

- He was pleased to report a substantial assurance in relation to this area of the Audit. There was some good assurance around death of pensioners' controls.
- There was a plan in place for the process and resources to resolve 800 reconciliation issues and they provided a moderate level of assurance in this area.
- Overall assurance was strong.

Queries on the report were answered as follows:

- Internal Audit were members of the project board so were aware of the issues with payroll that had been discussed earlier.
- There were a number of different reconciliations, some of which were a review of the data between the 2 systems and ensuring they caught up.
- A consultant (ITM) was assisting with the reconciliation. Two pieces of work were being undertaken to establish the issues between the guaranteed minimum pension and Payroll data which would go into great detail to ensure they were resolved. The analysis of the work required work should be completed by ITM by late January 2017 after which resources would be allocated to complete the work.
- There was currently no need to adjust or amend anything in the Over-Payment Policy. Internal Audit were happy with this as it stood

- Overseas pensioners were at the most risk of incorrect payments. The team were currently reviewing a company that provided payments to overseas pensioners as well as a proof of life service whereby a pensioner had to visit a branch of the company to prove they were still alive and update their contact details.

RESOLVED that: the Pensions Committee noted the audit work undertaken during 2015-16.

76/16 Asset Pooling Report:

At the Chairman's invitation Investment & Fund Accounting Manager, Paul Tysoe introduced this report (copies of which were previously circulated) highlighting the following:

- The Chairmen had met earlier that week to discuss the Inter-Authority Agreement (IAA). This would replace the current memorandum of understanding.
- The Inter Authority Agreement and resultant constitutional changes would be presented to the Councillor Services & Governance Working Group in January with all of the delegated decisions being reviewed and renewed before being presented to Full Council in March 2017.
- The Joint Committee would consist of 1 representative being the Chairman, with the Vice-Chairman as substitute, from each of the 11 authorities in the Access Pool.
- Pensions Committee's make the strategic decisions, which the pool via the Joint Committee, would determine the sub fund structures and population of Fund Managers. Consultation with the Funds governance bodies such as Local Pension Board, Pensions Committee and in particular the Investment Sub-Committee (ISC) would be undertaken to assist the Chairman in his pooling duties.
- The Joint Committee meetings would follow the rules applied by the Local Government 1972 Act. They could also enter private session. A decision on where to hold the meetings was yet to be made.
- The Joint Committee would also have a budget with its decision-making powers set out in the IAA. It would have a secretariat the detail of which has yet to be determined.
- Plan A was to rent an operator to procure fund managers following close consultation with the Joint Committee. The Operator would be responsible for appointing the depository, who ensured operations were properly regulated and a custodian.
- Monitoring officers from the 11 funds within the pool were meeting to discuss the inter authority agreement.
- Not getting the IAA signed off in March, all 11 authorities, could cause a 6-month delay to delivering the asset pool.
- Cost sharing was a significant part of the document, which would include setting up costs and management of the pool. Management of investments would be passed to the operator. £7-8million was an initial figure set out for establishing the pool and secretariat, which would be divided equally by the 11 funds. The operational management, and establishment of sub-funds would be funded through the assets held in the pool.
- 10-12 suppliers had been invited to a meeting the following Tuesday and Wednesday so funds could gain an understanding of what they could offer and they could gain an understanding of what the funds were likely to want. This should inform the procurement process.
- Once in place the Joint Committee would work to appoint an operator hopefully by June 2017. Following which the operator would need Financial Conduct Authority (FCA) approval, this should give a go live date of April 2018.

- The operator would attend annual review meetings with the Funds governance bodies, mainly the ISC and a duty of care to report compliance standards.
- London Collective Investment Vehicle (CIV) advice was that it took 3-4 months to set up a sub-fund, albeit a number of sub funds could be progressed at the same time. It is estimated that it could take 2-3 years to fully establish the “liquid” funds
- There is a significant risk of capital dilution in the transfer of assets to the pool, this needs to be carefully managed and a steady business case approach adopted to protect the capital value of the Fund’s investments.
- There is a need to rationalise managers in order to achieve fee and investment performance efficiencies. Both Funds and the Joint Committee would therefore have to make some tough decisions and some of the current fund managers could be transitioned out. The cost of transition and the resulting fee benefits must be borne by each individual Fund, it is important therefore that determination of when to transition remains with the Fund.
- It could take up to 2 to 3 years to set up sub-funds for the illiquids.
- Not all assets would go through the operator for example passive investments remain directly linked to the Funds as they are life policies in the name of each Fund.

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

- It was felt issues raised earlier in the year with regard to the legal status of joint committees had been addressed. The process of establishing Joint Committees were becoming more common and fell within the remit of the Local Government Act 1972. The authority already managed a Joint Committee for LGSS.
- There was some disagreement amongst monitoring officers and the constituent fund officer regarding the Joint Committee representation coming from an elected member of the administering authority.
- Each individual authority would need to provide some funding towards the costs of the Joint Committee and sub-funds. Likely a 6-figure sum and was expected to require approval from the Pension Committee, dependent upon the constitution powers afforded to each body.
- The operator would need to report to the Joint Committee and these 2 bodies would hold each other to account. The Local Pension Board assisted and could challenge the process of the Pensions Committee and ISC. The IAA also recognised the existence of scrutiny committees and Audit Committees in councils.
- The length of the contract with the operator was yet to be agreed. It would need to be for a reasonable period of time with a review part way through. One outcome was to eventually own the operator which could also affect the period of the contract.
- The Chairmen had agreed earlier that week for a formal 2-year review and that could inform whether a break clause in year 3 would be possible.
- There was a cross pool working group of officers.
- Some of the funds within the pool had some form of internal management.
- At a recent visit with the Minister a number of options were discussed for which the Minister required legal advice and further information had been provided to the Minister following the meeting.
- The IAA would also include information about exiting the fund but there was a view that there should be a penalty for leaving and a 12 month redemption cost would be included unless the remaining Chairmen voted otherwise. There could also be more welcoming entry strategies.
- It was felt those moving from one sub-fund to another without exiting the pool should not be penalised for their move.

RESOLVED that: the Pensions Committee noted the progress made on Asset Pooling and in particular the work in the Inter-Authority Agreement (IAA) and the challenge of meeting the Full Council deadline of early February 2017.

77/16 Northamptonshire Pension Fund Training Strategy

At the Chairman's invitation, Governance and Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) highlighting the need for the strategy to demonstrate the Committee's commitment to training. The policy had not been reviewed since 2013 and was quite onerous. Credits were awarded for attending all types of training and individuals were required to accrue 25 points with the Chairman accruing 29 points over a 2-year rolling period. The policy also covered the Local Pension Board. The credit system included credits for completing the Pension Regulator's online toolkit and internal training courses. A score card system was proposed to demonstrate individual training of the Committee and Local Pension Board. It was currently felt that the amount of credits required was possibly a bit high, particularly when considering the commitment to asset pooling which took a lot of Committee member's time.

Queries on the report were answered as follows:

- It would be helpful to attend 4 conferences per year but it was also pointed out that not all employers would support that.
- An analysis of other funds had not been made.
- The figures of 25 and 29 had been proposed by Hymans Robertson who had stated it was at the higher level.
- There was a standard which was not written down but accepted that people who did not undertake training were not equipped to undertake their role. The Local Pensions Board and Pensions Regulator had monitoring roles in terms of the Committee and the ability of its members to undertake their role.

Members of the Committee also commented as follows:

- It was felt the number of points required was quite daunting especially as many tasks only accrued 1 point (e.g. E-learning).
- It was felt up to 6 days per year for training events/conferences and then meetings on top of that was very onerous.
- Some members attended other types of training such as risk management training in their everyday role which could count towards the Pensions training.
- It was suggested a requisite number of days per year might be a better way of monitoring the training required.
- It also counted when a presentation was provided to a Committee meeting.
- A training record was required for members to complete.

(Councillors Michael Clarke and Bob Scott left the meeting at 12.20pm)

- It was agreed that 18 points should be expected as a minimum.
- It was felt time should be considered for travelling to and from venues for activities.
- Information could also be included on how ad-hoc events that were arranged during the year were counted.

(Matt Bowmer left the meeting at 12.25pm)

RESOLVED that: the Pensions Committee approved the Northamptonshire Pension fund Training Strategy located in the appendix to the report subject to the following amendments:

- **That the number of points required over a 2-year rolling period would be amended to 18; and**
- **That additional information would be included that explained how ad-hoc events during the year were counted.**

78/16 Governance & Legislation Report:

At the Chairman's invitation, Governance and Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating it could perhaps count as a half a point of a training credit. The Pensions Regulator had issued a high level assessment tool to enable officers to assess how well the fund was complying with the Pensions Regulator's code of practice. Although officers felt it was too high level, it would be completed and reported to the committee in March 2017. The team had also completed a Pensions Regulator survey on governance and legislation in conjunction with the Chairman of the Local Pension Once the results were published they would be brought to the committee. Expenditure within LGPS had been reported by the DCLG as having risen by £10million with income decreasing by £2.4million.

In answer to a query relating to Tresham College it was confirmed the college was technically not in administration at the current time. As part of the national review of colleges, Tresham and Northampton Colleges could possibly collaborate. The Fund would always seek a body to take on any pensions liabilities.

(Alicia Bruce left the meeting at 12.30pm)

RESOLVED that: the Pensions Committee: noted:

- 1) Information provided on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis;**
- 2) Information on new or amending legislation affecting the LGPS;**
- 3) Details of relevant consultations affecting the LGPS; and**
- 4) Details of forthcoming training events.**

79/16 Employers' Admissions and Cessations Report:

At the Chairman's invitation, the Head of Pensions, Mark Whitby introduced this report (copies of which had been previously circulated) stating 1 single rate had been negotiated for Love Foods and Dolce as they were involved in a lot of schools.

In answer to queries on the report it was confirmed there would be no report on the University Technical College in Daventry until the point of cessation. There was a replacement body for the East Northants Cultural Trust that did not affect the 1 mentioned in the report.

RESOLVED that: the Pensions Committee noted:

- 1) The admission of the following admission bodies to the Northamptonshire Pension Fund:**
 - **Love Foods (Nourish)**
 - **Dolce (Nourish)**

- Easy Clean (Little Harrowden)
 - Easy Clean (Prince William Academy)
- 2) The admission of the following designating bodies to the Northamptonshire Pension Fund:
 - Overstone Parish Council
 - Weedon Parish Council
 - 3) The admission of the following scheduled bodies to the Northamptonshire Pension Fund:
 - Danesholme Infants School
 - The Spires Academy
 - Rectory Farm Primary School
 - Silverstone Church of England Junior School; and
 - 4) The current withdrawal from the Northamptonshire Pension Fund of the following bodies:
 - Northamptonshire Enterprise Partnership
 - East Northants Cultural Trust

80/16 Date and Time of Meetings for 2017-18:

The Chairman introduced this report (copies of which had been previously circulated) and it was noted that the date for the July 2017 meeting would need to be changed and there could be some issues arising from the move to the new HQ in February/March 2017.

RESOLVED that: the Pensions Committee:

- 1) Noted the previously agreed meeting dates for 2016-17
 - Investment Sub-Committee – Friday 17 February 2017
 - Pensions Committee – Friday 24 March 2017
- 2) Approved the following meeting dates during 2017-18 for the Pensions Committee:
 - Friday 23 June 2017
 - Friday 20 October 2017
 - Friday 15 December 2017
 - Friday 23 March 2018;
- 3) That a date for the Annual General Meeting in July would be forwarded to members following the meeting; and
- 4) Approved the following meeting dates during 2017-18 for the Investment Sub-Committee:
 - Friday 19 May 2017
 - Friday 15 September 2017
 - Friday 17 November 2017
 - Friday 16 February 2018

81/16 Urgent Business:

There was none.

There being no further business the meeting closed at 12.40pm.

Chairman's Signature:-

Date:-

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**NORTHAMPTONSHIRE
PENSION FUND**



LOCAL PENSION BOARD

23 January 2017

Report by: THE HEAD OF PENSIONS

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

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 19th of the month following deduction) for the period 1 December 2015 to 30 November 2016.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
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
March 2016	97.3	2.7	98.3	1.7

April 2016	96.3	3.7	94.5	5.5
May 2016	98.2	1.8	94.4	5.6
June 2016	97.1	2.9	95.0	5.0
July 2016	97.2	2.8	93.6	6.4
August 2016	97.4	2.6	95.9	4.1
September 2016	97.3	2.7	97.3	2.7
October 2016	98.4	1.6	94.9	5.4
November 2016	97.1	2.9	95.9	4.1
Average for period	97.5	2.5	95.5	4.5

2.1.2 For August there were four employers who made a late payment equating to £23,810.63 which is approximately 0.29% of the total amount of contributions due for the month. The four employers collectively have 53 employees contributing to the Local Government Pension Scheme.

2.1.3 For September two employers made a late payment and the amount equated to £62,500.04, which is approximately 0.69% of the total amount of contributions due to the Fund for the month. The two employers collectively have 42 members contributing to the Local Government Pension Scheme.

2.1.4 For October there was one employer who made a late payment and the amount equated to £1,995.10, which is approximately 0.02% of the total amount of contributions due to the Fund for the month. The employer has 5 members contributing to the Local Government Pension Scheme.

2.1.5 For November there is one employer who is yet to make a payment and three employers who made late payments and the total amount equated to £48,670.39, which is approximately 0.59% of the total amount of contributions due to the Fund for the month. The four employers have 153 members contributing to the Local Government Pension Scheme combined.

2.1.6 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.

2.1.7 For this period three employers made more than one late payment. All employers have been reminded of their statutory obligations going forward.

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 September 2016 to 31 December 2016.

Overpayment Type	Action	Amount	Total
Death of a Pensioner/Dependant	Written off	£2,903.69 (44 cases)	£13,605.53 (62 cases)

	Recovery	£10,701.84 (18 cases)	
Retirement	Written off	£0	
	Recovery	£0	

2.2.2 During the period 1 September to 31 December 2016, 62 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late member's pension. Of the overpayments, 44 were automatically written off as the value of the overpayment was less than £250. The remaining 18 cases are currently being pursued for recovery of the overpayments.

2.2.3 In this period, £1,121.10 of overpayments of pension has been recovered for the current financial year.

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 September 2016 to 31 December 2016 are detailed in the table below.

KPI	Target	September	October	November	December
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%	97%	97%	96%	96%
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%	100%	100%	100%	99%
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	90%	85%	86%	86%

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%	85%	74%	87%	90%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	94%	97%	90%	89%
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	95%	60%	100%	100%	100%
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%	100%	100%	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).	100%	100%	N/A	N/A	N/A

2.3.3 The full analysis of data for the September, October and November and December statistics along with explanations on the lower than expected performance can be found in Appendix 1 of this report.

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 September to 30 November 2016 are detailed in the table below.

KPI	Target	September	October	November
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.	100%	97.3%	98.4%	97.1%

Provide LGSS Pensions Service with accurate year end information in the prescribed format.	100%	N/A	N/A	N/A
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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.

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

Direct Communications	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

10.1 Not applicable

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 – 12 January 2017

Appendix 1 – Pensions Service KPI analysis for September, October, November and December 2016.

September 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	393	382	11	97%		
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%	130	130	0	100%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	40	36	4	90%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.

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%	67	57	10	85%		Cases outside of SLA target due to high volumes of actual retirement work during August and September, staffing issues and payroll project. Statutory.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	16	15	1	94%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	5	3	2	60%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.

October 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	335	326	9	97%		
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%	110	110	0	100%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	39	33	6	85%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.

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%	164	122	42	74%		Cases outside of SLA target due to a backlog of checking resulting from high volumes of actual retirement work during August and September, staffing issues and payroll project
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	29	28	1	97%		
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	5	5	0	100%		

November 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	435	419	16	96%		
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%	78	78	0	100%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	41	36	5	86%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.

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%	115	102	13	87%		Cases outside of SLA target due to reduction in staffing levels and development of new team members.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	22	20	2	90%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	20	20	0	100%		

December 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	374	360	14	96%		
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%	89	88	1	99%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	26	22	4	86%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.

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%	102	92	10	90%		
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	18	16	2	89%		Low volume of case work in this area and this impacts the percentage if there are cases not within target. Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	14	14	0	100%		

Green:

- **Equal to or above SLA target.**

Amber:

- **If there is a statutory target - below SLA target, but all within statutory target.**
- **If there is no statutory target - below SLA target, but number completed within target is within 10% of the SLA target.**

Red:

- **If there is a statutory target - below SLA target and all not within statutory target.**
- **If there is no statutory target – below SLA target and number completed within target is not within 10% of the SLA target.**

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**NORTHAMPTONSHIRE
PENSION FUND**



LOCAL PENSION BOARD

23 January 2017

Report by: THE GOVERNANCE & LEGISLATION MANAGER

Subject:	Internal Audit Update – Internal Audit Report 2015-16
Purpose of the Report	To brief the Local Pension Board on the completed internal audit for 2015-16
Recommendations	That the local Pension Board note the audit work undertaken
Report Author and Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Tel: 01604 367030 Email: jwalton@northamptonshire.gov.uk Or Paul Clarke, Group Auditor, LGSS Internal Audit Tel: 01604 367130 E-mail: pclarke@northamptonshire.gov.uk ;

1. Summary of Report

- 1.1 The report presents the final report on the 2015-16 audit of LGSS Pensions Administration. The audit assessed the adequacy of design and implementation of controls for the administration of the Pensions Services of Cambridgeshire and Northamptonshire Pension Funds. Based on the completion of fieldwork and the testing carried out, **substantial** assurance has been given for the controls in place and operating within LGSS Pensions for 2015-16. The final audit report is included as Appendix A.

2. Background

- 2.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 2.2 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.

3. Relevant Pension Fund Objectives

3.1 The audit work undertaken was designed to support the Pension Service in achieving its objectives through the effective management of risk. The work therefore supports all of the outcomes of the Pension Service:

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>
Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund. <i>Objective 6</i>
Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer. <i>Objective 7</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>
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. <i>Objective 9</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>
Maintain accurate records and ensure data is protected and used for authorised purposes only. <i>Objective 11</i>
Promote the Scheme as a valuable benefit. <i>Objective 12</i>
Deliver consistent plain English communications to Stakeholders. <i>Objective 13</i>
Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. <i>Objective 14</i>
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. <i>Objective 15</i>
Ensure cash flows in to and out of the Fund are timely and of the correct amount. <i>Objective 16</i>
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. <i>Objective 17</i>
Put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy. <i>Objective 18</i>
Maximise investment returns over the long term within agreed risk tolerances. <i>Objective 19</i>
Ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required. <i>Objective 20</i>

4. Finance & Resources Implications

4.1 Provision was made within the LGSS Audit Plan to undertake this work.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
The audit work may identify significant weaknesses with potential for reputational damage to the Pension Service.	A process is in place for timely and effective response to the findings of internal and external auditors.	Green

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

Risk	Risk Rating
Unmitigated risks to the objectives of the Pension Service are not identified and addressed. The legal obligation to ensure internal audit is undertaken would not be met.	Red

6. Communication Implications

Website	The work of auditors will be transparent and will be published on the internet.
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7. Legal Implications

7.1 The requirement for an Internal Audit function derives from section 151 of the Local Government Act 1972. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2003 in England (Appendix 41) [4] should make provision for Internal Audit in accordance with the Code.

8. Consultation with Key Advisors

8.1 BDO (Cambridgeshire Council's external auditors) and KPMG (Northamptonshire County Council's external auditors) have confirmed their requirements for the internal audit.

9. Alternative Options Considered

- 9.1 Continue with separate audits as was the case prior of the convergence of the administration of the Cambridgeshire Pension Fund and Northamptonshire Pension Fund process. This would be a failure to capitalise on the opportunity to deliver a more efficient and effective service.

10. Background Papers

- 10.1 Previous report on 18th March 2016 to the Pensions Committee – Internal Audit Update and Plan 2016-17.

11. Appendices

Appendix A – Internal Audit Report - LGSS Pensions Administration 2015-16 – Executive Summary and Action Plan

Checklist of Key Approvals <i>(To be included for all reports)</i>	
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 The Head of Pensions?	Mark Whitby – 22/12/2016

Appendix A

LGSS Audit & Risk Management Service

Internal Audit Report LGPS Administration 2015/2016

Confidential

Client LGSS

Issued To Matt Bowmer, Director of Finance

Cc Chris Malyon , S151 LGSS
Mark Whitby, Head of Pensions
Joanne Walton, Governance Regulations
Manager
Akhtar Pepper, Operations and Technical
Paul Tysoe, Group Accountant

Date 11 August 2016

Lead Auditor Janette Lynn

Status of Report Final Report

Internal Audit Opinion Substantial Assurance

Assurance Summary

Control Environment Assurance	Substantial
Compliance Assurance	Substantial
<i>Organisational Impact</i>	Minor

Executive Summary

1. Background to the review

The audit of the Local Government Pension Service for the Northamptonshire Pension Fund (NPF) and the Cambridgeshire Pension Fund (CPF) which is administered by LGSS includes the administration of:

- new members
- payment of pensioners and dependents
- transfers into and from the pension schemes
- receipt and recording of contributions from the employers
- administration processes on Altair operated by the LGSS pensions staff to ensure that there are appropriate separation of duties on key tasks
- reconciliations of financial systems
- User access

The audit provides assurance to the Pensions Committee and also the Pension Fund's External Auditors for their final accounts audit.

The audit seeks to provide assurance to management, External Audit and the employer organisations that expected controls are in place for pensions administration and key financial systems, such controls are adequate in design and function appropriately in practice.

1.1 Key Risks

The audit relates the following risks from the LGSS Pension Service risk register:

- B4 Pension Fund Contributions are not collected on an accurate and timely basis
- B5 Payments to pensioners and not paid accurately

- B6 Lack of staff to administer and account for the fund
- C2 Failure to comply with legislative and regulatory requirements
- C3 Failure to comply with Data Protection and Freedom of Information Acts
- D1 Inability to attract or retain staff with the right skills and experience

Based on previous experience and the requirements of external audit the key risks identified are:

- 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, 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

1.2 Objectives

Therefore, the objectives of the review were to provide management with assurance that there are appropriate controls in place to mitigate effectively the risks related to Pensions

1.3 Approach

In order to test the operating effectiveness of the controls in place we performed sample testing for both the NPF and the CPF as follows:

- new members;
- new pensioners, calculations and pensions actually paid ;
- transfers into and out of the LGPS to ensure the calculations were checked and monies paid out were authorised and receipts monitored;
- deaths of pensioners and dependent pensioner benefits;
- monitoring the receipt of contributions and supporting documentation from employer organisations;
- year end reconciliations of contributions received;
- reconciliation of bank accounts;
- reconciliation of pensions payroll to the Altair records;
- the annual uplift of pensions on Altair;
- access to Altair

2. Internal Audit Opinion and Main Conclusions

2.1 Main conclusions

Based on the completion of our fieldwork and the testing carried out, we are giving **substantial** assurance for the controls in place within LGSS pensions for the administration of LGPS.

The team is benefitting from the continued impact of improved systems capturing data electronically and providing management information to assist with key processes.

Whilst most areas have been given substantial assurance due to this the areas of reconciliation are moderate as these had not been completed or were currently work in progress.

The day to day administration of benefits i.e. pensions paid, lump sums and transfers in, where the key financial risks are found have substantial assurance. The incidence of non compliance on these day to day processes has seen a significant reduction as demonstrated by the findings in the audits over the last three years.

The table below provides a breakdown on the level of assurance for both NPF and CPF for each of the process areas identified:

Process Area	NPF	CPF
New members	Substantial	Substantial
New pensioners	Substantial	Substantial
Transfers in	Substantial	Substantial
Transfers out	Substantial	Substantial
Deaths of pensioners	Good	Good
Contributions	Substantial	Substantial
Reconciliations	Moderate	Moderate

Systems and User Access	Substantial	Substantial
Overall Level of Assurance	Substantial	Substantial

New members - substantial assurance

The Systems team have continued to improve their methods for capturing data from employers on new members and contract changes etc.

Improvements have been made since last year’s audits so that information is now received electronically from the majority of employers or their payroll providers, reviewed and processed in a timely manner. These functions are monitored so that if delays occur or issues arise these are investigated and resolved.

New pensioners - substantial assurance

Twenty five new pensioners were tested for NPF and for CPF.

The administration process was tested to check that appropriate controls were in place before a pension was awarded to ensure that the individual had left employment, calculations were prepared based on final pay and or CARE and in line with the members request as to whether there were to be any conversion of benefits. Calculations were prepared, checked and authorised and a separation of duties between these phases was in place. Separation of duties was also in place for notifications to the payroll provider, and the pension actually paid was checked to confirm it was correct.

A separation of duties was also in place for the payment of any lump sums that were due, based on the above calculations, and appropriate evidence for the payment was held on file in most cases.

NPF

There were two instances where evidence of lump sum payments had not been placed on Altair.

Transfers in - substantial assurance

Five transfers in were tested for NPF and five for CPF

Appropriate checks were completed before a transfer in was estimated. Calculations were prepared based on evidence of their service in other LGPS schemes or on the monetary value of non LGPS schemes that was to be transferred, this was then equated to a value of service credit that was to be awarded.

Calculations were prepared, offers issued, and final calculations prepared when the employee confirmed their request to transfer their previous pensions into the scheme.

The receipt of monies was monitored and recorded on Altair and a transfer in service credit recorded on the member's records.

A separation of duties was in place for all stages of the process.

Transfers Out - substantial assurance

Ten transfers out were tested for NPF and fifteen for CPF. The auditor was advised that there had been a delay in processing the transfers out due to software upgrades that were due to take place shortly, hence the sample sizes to chose from were reduced from previous years numbers.

Appropriate checks were completed before a transfer out was permitted to ensure that the funds were to be transferred to an appropriate pension fund, that the member had left employment. Quotations were issued and on receipt of an authorisation from the member a final calculation was prepared based on evidence of their service and contributions paid.

Payments were then processed to the appropriate receiving pension provider.

A separation of duties was in place for all stages of the process.

NPF

Three payments had been made to pension providers and although the details had been recorded on Altair the supporting evidence had not been placed on the system. This was also true for a high value payment which had been authorised by the Head of Pensions.

Deaths of Pensioners - good assurance

a) Notified deaths and dependent pensions:

A walkthrough for two notified deaths was completed for the NPF and CPF

The administration process was tested to check that appropriate controls were in place when a death was notified, the actual death was confirmed and their pension payments stopped. Calculations were prepared for any dependent pensioners or lump sum payment due, these were checked and authorised and a separation of duties between these phases was in place. Separation of duties was also in place for notifications to the payroll provider, and the pension actually paid was checked to confirm it was correct.

A separation of duties was also in place for the payment of any lump sums that were due, based on the above calculations, and appropriate evidence for the payment was held on file.

b) Deaths of pensioners – check pension payments were stopped:

The records for five pensioners in the NPF and five in the CPF who had been reported as deceased were checked to confirm that their death had been confirmed, that pensions had been suspended and a reconciliation of payments completed to ensure that action was taken to recover monies owed to the scheme or the payment of any balances owed to the deceased pensioner's estate or dependents.

Possible un-notified death:

During the audit period whilst the pension team were undertaking the reconciliation of payroll to Altair it was identified that it appeared that an elderly pensioner had passed away but was still in receipt of pension. This is currently being investigated i.e. a copy of actual death certificate has been requested. The death had not been notified to the pensions service nor had it been picked up through the NFI (National Fraud Initiative) data matching process as the death had occurred between the data checking periods.

This incident has highlighted the need to review how the service checks if pensioners are still alive. Life certificates are not currently required and whilst the NFI process provides some checking facilities it may be that some pensioners would not be identified through this process. There are also particular risks around those pensioners who are resident outside of the UK and upon whom checks cannot easily be completed.

Contributions from employer organisations – substantial assurance

Fifteen employers contributions records were tested for NPF and CPF.

Monthly returns from employers were reviewed and checked to contributions received which were coded to the appropriate employer.

Where variances were identified between the employers level of contributions, and expected and actual payments received these had been resolved or were work in progress.

Reconciliations - moderate assurance

During the audit it was identified that a yearend reconciliation for 2014/2015 of contributions from employers, received and posted in the accounts had been undertaken but this had not been compared to the employers' payroll information that was submitted as part of the year end processes.

Monthly bank reconciliations had been completed.

A reconciliation between pensions payroll and Altair had commenced but was not fully completed. This had highlighted a large number of variances in actual and expected payments:

NPF 13,962 of which 12,858 were below the acceptable tolerance threshold of £100, leaving 822 to be investigated.

CPF 14,658 of which 12,959 were below the acceptable tolerance threshold of £100, leaving 1,496 to be investigated.

There were a number of reasons why these variances occurred and these were being investigated. The reconciliation process was very detailed as records had in some cases to be checked back to the date that the pension was first awarded to confirm the correct starting value, and how this was made up i.e. possibly a combination of pensions or benefits.

It was not possible to ascertain the potential call on the pension fund for any underpayments or the benefit from any recoupment as it is not known whether the record on payroll or Altair was correct.

Those with the highest variances are being investigated as priority – of the 31 cases investigated for the NPF £122k can potentially be reclaimed from members and £24k is owed to members.

A breakdown for the 44 cases investigated for the CPF was not available, so it is not possible to state whether the split would be similar as the administration for both schemes on Altair and payroll has historical differences.

The task of reconciliation will take some considerable time unless additional resources are allocated to this in order to bring this to a swift conclusion.

Although the Pensions Committee have agreed an overpayments policy which is being used to inform decision making, there remains a significant reputational risk for LGSS Pensions i.e. the potential dissatisfaction of members and employers when pensioners are notified that they have been overpaid and repayment is required. Whilst reimbursement will only be sought for six plus the current years maximum, as agreed at the Pensions Committee, such charges may cause financial hardship or angst for pensioners.

Systems and User Access – substantial assurance

The Systems procedures were reviewed and checked to ensure that when users were set up staff had appropriate levels of access and that when staff left their access was removed.

The annual uplift process was also reviewed to confirm that appropriate controls were in place and that pensions were increased as expected based on national guidance.

It has also been identified that now that the pensions calculations are based Career Average Revaluations Earnings (CARE) which are uplifted for each year, in future the audit

should include checking of these calculations for those active members not yet in receipt of pensions, to confirm that the correct increases are added to each year's value.

2.2 Main recommendations

For each of the issues identified we have made suggested recommendations in the accompanying action plan. When implemented these will positively improve the control environment and aid the Authority in its ability to effectively manage its risks.

2.3 Acknowledgement

We would like to take this opportunity to thank all members of staff whom we contacted during the course of this review for their time and assistance.

Findings and Management Responses

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
1	New Pensioners			
M	<p>NPF</p> <p>25 new pensioners were tested to confirm that the pension and any lump sum payment made to a new pensioner was correct. Although for lump payments a reference number was recorded on Altair under "Exit payment", for two of these evidence to support the payment was not held on Altair e.g. Oracle ERP screen print. Testing confirmed that correct payments had been made for these individuals.</p>	<p>When payments are made details of the payee, the amount and date e.g. Oracle print should be held on Altair to provide evidence of this.</p>	<p>To be advised to staff at team meeting.</p>	<p>Akhtar Pepper, 31/5/16</p>
2	Transfers Out			

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
M	<p>NPF</p> <p>a) The payments relating to ten transfers out had been made and recorded on the "Exit payments" screen. Evidence to support these was not held on Altair for three of these payments e.g. Oracle ERP print. Testing confirmed that correct payments had been made for these individuals.</p>	<p>When payments are made details of the payee, the amount and date e.g. Oracle print should be held on Altair to provide evidence of this.</p>	<p>To be advised to staff at team meeting.</p>	<p>Akhtar Pepper, 31/5/16</p>
	<p>b) A transfer out had been recorded on Altair as a "non-club transfer" incorrectly. This was an "interfund" payment to the West Yorkshire Pension Fund.</p>	<p>The descriptor used for fund transfers should be checked during processing to check that it is correct.</p>	<p>To be advised to staff at team meeting.</p>	<p>Akhtar Pepper, 31/5/16</p>
	<p>c) A high value payment had been authorised by the Head of Pensions but evidence to demonstrate this was not on Altair. Evidence for this was uploaded during the audit.</p>	<p>When high value payments require authorisation by Head of Pensions (above £250k) evidence of this should be held on Altair.</p>	<p>To be advised to staff at team meeting.</p>	<p>Akhtar Pepper, 31/5/16</p>

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
3	Year End reconciliation of Employers contributions			
M	<p>The audit highlighted that a year end reconciliation of 2014/2015 employers' and employees contributions received had not been completed.</p> <p>The Systems team confirmed that a year end return had been received from all but 2 NPF and 1 CPF employers. Members contributions had been reconciled against their Altair record but a reconciliation of employers and employees contributions to monies received and posted in the accounts had not been completed.</p> <p>The PEN 18 system had been updated with year end information by the Systems team but variances had not been investigated by the accountancy team.</p> <p>Variances do not necessarily indicate that monies are owed, these could be due to incorrect recording on returns, or posting of receipts to the accounts. However there remains a risk that incorrect payments may have been made and not identified until this task is</p>	<p>The reconciliation of the 2014/2015 year end returns should be completed prior to the completion of the 2015/2016 reconciliation.</p>	<p>A review of the variances identified and checked with employers to ascertain why these have occurred and payments and transactions reconciled.</p>	<p>Paul Tysoe, 30/6/16</p>

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
	completed.			
4	Pensions Payroll			
M	<p>A reconciliation between the pensions payroll and Altair for NPF and CPF has commenced.</p> <p>This has identified significant variances both in the number of pensioner records and also the values of pensions paid.</p> <p>NPF 13,962 (12,858 below £100, 822 over £100)</p> <p>CPF 14,658 (12,959 below £100, 1496 above £100)</p> <p>£100 has been determined as an acceptable tolerance threshold and therefore the cases below this threshold are not going to be investigated.</p> <p>Investigation of these variances has identified that these may have arisen due to a number of issues including:</p> <ul style="list-style-type: none"> - Records on payroll but not on Altair 	<p>The reconciliation process should be completed in order to confirm the number and value of the adjustments that are required.</p> <p>The Pensions Management team should provide updates to the Pensions Committee on the work already completed and as the work progresses so that they are kept fully informed given the potential risks associated with this piece of work.</p>	<p>The reconciliation of Altair and Payroll to be continued with highest value items being prioritised.</p>	<p>Joanne Walton, Governance Regulations Manager .</p> <p>31/3/17</p>

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
	<p>as these preceded the use of Altair</p> <ul style="list-style-type: none"> - Records which were not held on Altair as they were payments relating to teachers - Fire service pensions or elements of fire pension also paid - GMP adjustments that were on payroll and or not on Altair or had not been recorded correctly - Added years which were paid but not included in the Altair records as systems prior to this could not accommodate these transactions/adjustments (CPF) - Deaths which had occurred where pensioners had not been removed from one of the systems - Spouse pensions not adjusted on payroll after short term payments <p>Work is ongoing to resolve these queries.</p> <p>NPF 328 records have been checked to date. 328 investigated to date, 31 have financial implications, £138k overpaid, of which £122k can be reclaimed (6 yrs</p>			

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
	<p>plus current yr) and £24k underpaid (6 yrs plus current yr).</p> <p>CPF 44 records have been checked to date – breakdown as above not yet available.</p> <p>In addition to the financial risks associated with these potential incorrect payments, which cannot be confirmed until each case has been fully investigated, there also remains a reputational risk to LGSS Pensions who may as a result of resolving these issues face adverse criticism by members, employers and or the press. Some of these errors may span a considerable amount of time e.g. 20 years. The Pensions Committee had agreed an overpayments policy which states that only those incorrect payments for the last six plus the current year will be reclaimed.</p> <p>Some of the corrections could have a significant impact on the pensioners' income and they may not have sufficient</p>			

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
	resources to make the repayments. Equally the pensioners who have not received the correct payments and have been underpaid will need to be recompensed.			
5	Deaths of Pensioners			
M	<p>The discovery of deceased pensioner still in receipt of pension has highlighted the need to have additional controls in place to verify that pensioners are still alive.</p> <p>Currently the pensions service is reliant on deaths of pensioners being notified to them by the next of kin/executors, by banks returning payments when accounts have been closed or by identifying them through the NFI checking process.</p> <p>This means that there could be time delays or there could be non notification if spouses/partners or others concealed the fact that an individual has passed away, and this would be easier to achieve if the person was resident abroad.</p>	<p>The Pensions Service should establish a system to verify if:</p> <ul style="list-style-type: none"> - elderly pensioners are still alive; - pensioners living abroad are still alive; <p>to ensure that pensions of deceased pensioners are suspended promptly, without delay and that any over payments which may have arisen are recouped.</p> <p>Consideration should be given as to whether to engage in additional national and international checking procedures to assist in this process and whether to re introduce life certificates at certain periodic intervals e.g. at age 70 years and then repeat checks every 3 years.</p>	<p>A review of the controls in place to check if pensioners of a certain age are still alive will be completed.</p>	<p>Joanne Walton, Governance Regulations Manager .</p> <p>31/3/17</p>

Area Risk Level	Key findings	Recommendations	Management Agreed actions / Response	Timescale / Owner
	<p>The NFI data matching service has recently announced that it is now offering additional more frequent mortality screening service which local authorities can purchase.</p>			

Appendix 1 – Audit Definitions

There are three elements to each internal audit review, and an assurance opinion is provided against each element at the conclusion of the audit. The following definitions are used by Internal Audit in assessing the level of assurance which may be provided against each key element, and in assessing the impact of individual findings:

1.1 Control Environment Assurance

Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place which mitigate the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.

Control Environment Assurance	
Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.
Moderate	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

1.2 Compliance Assurance

However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Moderate	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

1.3 Organisational Impact

The overall organisational impact of the findings of the audit will be reported as major, moderate or minor. All reports with major organisational impact will be reported to SMT along with the relevant Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

1.4 Findings prioritisation key

When assessing findings, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks.

For ease of reference, we have used a high/medium/low system to prioritise our findings, as follows:

<p style="text-align: center;">H</p>	<p>Failure to respond to the finding has a high probability of leading to the occurrence or recurrence of an identified high-risk event that would have a serious impact on the achievement of service or organisational objectives, or may lead to significant financial/ reputational loss.</p> <p>The finding is critical to the system of internal control and action be implemented immediately.</p>	<p style="text-align: center;">M</p>	<p>Failure to respond to the finding may lead to the occurrence or recurrence of an identified risk event that would have a significant impact on achievement of service or organisational objectives, or may lead to material financial/ reputational loss.</p> <p>The finding has a significant effect on the system of internal control and action should be implemented as a matter of priority.</p>	<p style="text-align: center;">L</p>	<p>The finding is important to maintain a reasonable system of internal control, provide better value for money or improve efficiency. Failure to take action may diminish the ability to achieve service objectives effectively and efficiently.</p> <p>Management should review, make changes if considered necessary or formally agree to accept the risks.</p>
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**NORTHAMPTONSHIRE
PENSION FUND**



LOCAL PENSION BOARD

23 January 2017

Report by: THE HEAD OF PENSIONS

Subject:	Northamptonshire Pension Fund Valuation Report
Purpose of the Report	To provide the Pension Fund Board with an update on progress of the Northamptonshire Pension Fund Valuation
Recommendations	That the Pension Fund Board note the contents of this report.
Enquiries to:	Mark Whitby – Head of Pensions Tel – 01604 368502 E-mail – mwhitby@northamptonshire.gov.uk

1. Background

- 1.1 This report provides a short update on the progress of the 2016 valuation of the Northamptonshire Pension Fund.
- 1.2 A valuation of the Pension Fund is carried out on a triennial basis providing a health check of the whole Pension Fund and providing employers with their individual funding positions.
- 1.3 The employer contributions rates, required for the inter-valuation period, are also certified as part of the valuation process.
- 1.4 Various activities are undertaken to engage with the relevant stakeholders to ensure that they are informed and understand the valuation process and how funding positions and contribution rates are calculated.

2. Progress to Date

The following sections summarise the progress made to date in completing the valuation process.

2.1 Stakeholder Engagement

- 2.1.1 Officers have undertaken a number of activities to engage with the Fund’s stakeholders regarding the valuation process. These include dedicated Pension Bulletins, training sessions, employer forums and direct engagement over individual results.

- 2.1.2 A training session, focussed on the valuation was provided to members of both the Pension Fund Committee and Local Pension Board in February 2016. This was delivered by the scheme actuary and discussed the basics of what a valuation is, why it is important and provided an overview of the process for completing the valuation and calculating employer contribution rates.
- 2.1.3 Employer Forums were held in April and November 2016. The actuary was present at both Forums and provided presentations outlining the valuation process, key time frames and the methodology used for calculating an employer's funding position and their contribution rates. Particular focus was given on ensuring the employers understood that their contributions would be calculated using a risk-based approach, according to employer type.
- 2.1.4 Employers were provided with an opportunity of an open question and answer session with the actuary as well as the opportunity to book individual sessions with the actuary to discuss any specific issues or concerns. Employers that attended the Forum were provided with their results in advance so that they could discuss them with the actuary, if required.
- 2.1.5 Feedback from the Forums were very positive with employers finding them extremely useful and informative. The level of engagement at, and following, these sessions has been excellent.
- 2.1.6 Two bespoke sessions were held for our County/District Council and Police and Fire Authority employers to discuss the particular stabilisation approach that we would be using for setting their contribution rates.
- 2.1.7 A number of bulletins have also been issued to employers containing information about the valuation process, including one bulletin dedicated to progress and next steps in the valuation process.
- 2.1.8 The Funding Strategy Statement, which determine the approach taken for the valuation and setting employer contribution rates was approved by the Pension Fund Committee and then published for consultation in December 2016. Employers were informed about the consultation at the Employer Forum and a direct e-mail was sent to each employer when the consultation was launched. The draft document and details of the consultation were also published on our website.

2.2 Whole Fund Valuation Results

- 2.2.1 The initial valuation results, for the whole Fund, were completed on 30 September 2016. The results showed that the funding level had improved from 71% in 2013 to 78% in 2016. Additionally, the funding deficit has decreased from £646m to £517m.
- 2.2.2 The main reason for the change in funding level was better than anticipated investment returns, reduced allowance for future salary and benefit increases, and positive membership experience.

2.3 Issue of Individual Employer Results

2.3.1 The majority of individual employer results were issued in draft form during November and December with 162 individual results issued before 31 December 2016.

2.3.2 The Employer Services team have been engaging with employers following release of their results, dealing with any employer queries and working with employers to agree final contribution rates.

3. Next Steps

3.1 The Employer Services team will continue to engage with employers to agree and finalise appropriate contribution rates for the inter-valuation period.

3.2 Following closure of the Funding Strategy Statement consultation, responses will be reviewed and considered. Any proposed amendments will be discussed with the scheme actuary before the final strategy statement is published.

3.2 If any amendments are made to the strategy statement, individual employer results may also be amended to reflect those changes. Once the strategy statement has been finalised, the employer contributions can be certified by the actuary.

3.3 The employer contribution rates will be finalised and certified by the actuary and published on the Rates and Adjustments certificate prior to 31 March 2017. The contribution rate published on this certificate will constitute the official contributions required for the inter-valuation period.

4. Relevant Pension Fund Objectives

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>
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. <i>(Objective 15)</i>

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

10.1 Not applicable.

11. Alternative Options Considered

11.1 Not applicable

12. Background Papers

12.1 Link to reports from the 24 March 2016 meeting of the Pension Committee:

https://cmis.northamptonshire.gov.uk/cm5live/DecisionMakingCommittees/tabid/110/ctl/ViewCMIS_CommitteeDetails/mid/558/id/412/Default.aspx

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 Director of Finance/Section 151 Officer?	Not applicable
Has this report been cleared by Head of Pensions?	Mark Whitby – 10 January 2017
Has this report been cleared by Legal Services?	Not applicable

LOCAL PENSION BOARD

23 January 2017

Report by: THE HEAD OF PENSIONS

Subject:	To review the effectiveness of the Northamptonshire Local Pension Board
Purpose of the Report	To provide feedback on the results from the effectiveness review survey.
Recommendations	That the Board notes the feedback and approves the plan of action to improve the effectiveness in the areas identified.
Enquiries to:	Name: Jo Walton (Governance and Regulations Manager) Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The need to regularly review the effectiveness of the Northamptonshire Local Pension Board is considered good governance and will be undertaken as an annual exercise. On 31 October 2016 a survey was distributed to members of the Board to complete on how adequate they felt the current arrangements of the Board were.
- 1.2 The survey consisted of 15 statements and sought feedback in the areas of:
- The running of meetings
 - The quality and quantity of information provided
 - The risks facing the Fund
 - The knowledge and skills required
 - The Statutory objectives of the Pensions Regulator
 - The Code of Conduct
 - The governance and compliance statement
 - Potential conflicts of interest
- 1.3 Completed surveys were to be returned to LGSS Pensions Service by 30 November 2016 to be included in the final assessment of the results.

2. Response to the review

- 2.1 The survey to ascertain the views of the Northamptonshire Local Pension Board was sent to five members consisting of three employer representatives and two member representatives. Two completed questionnaires were returned.

3. Results of the effectiveness survey

- 3.1 The survey consisted of 15 statements that participants were asked to provide a rating of between 4 and 1 with 4 being wholly agree and 1, totally disagree. Participants were also encouraged to provide further comments to support the rating they had provided.
- 3.2 A full analysis of the results of the survey can be found in appendix 1.

4. Conclusions drawn from the effectiveness survey

- 4.1 The average result for the effectiveness of the Local Pension Board was 51.5 out of the potential 60 available.
- 4.2 From an analysis of the ratings and additional comments provided in the survey the following can be concluded that the Local Pension Board are felt to be particularly effective at ensuring:
- Adequate time is allocated to agenda items to ensure sufficient discussion and effective recommendations are made;
 - There are a sufficient number of meetings during the year
 - The quality of the Local Pension Board papers always meet the expected standard;
 - The reports detailing the administration of the Fund are a sufficient overview of how the Fund is performing to challenge or make recommendations;
 - Adequate information is provided to the Local Pension Board in order to carry out the role effectively.
 - The understanding of the legal obligations in regards to reporting any breaches members deem are of material significance to the Pensions Regulator and how to go about reporting if necessary;
 - The high standards of behaviour expected of members as required by the Code of Conduct;
 - Familiarity with the Governance Compliance Statement and how the roles of the Local Pension Board fit into the overall Administering Authority functions; and
 - Sufficient awareness of potential conflicts of interest and what actions are required if one arises.
- 4.3 The survey also identified a number of areas for improvement, the below table identifies those areas and what course of action will be taken against each one, including where a low rating was given but no further detailed comment provided:

Area for improvement	Concern	Proposed course of action
There is sufficient awareness of the risks facing the Pension Fund.	No comment.	The risk strategy and risk register were presented to the Board during the course of 2016/17. The final risk register will be taken to the Board during 2017/18 and will be taken back periodically for review or beforehand if deemed appropriate.

<p>The Knowledge and Skills Framework adopted by the Board is adequate for achieving the required level of knowledge to enable effective scrutiny.</p>	<p>Not sure that all members of the Board have obtained the necessary knowledge.</p>	<p>The Knowledge Management Policy was initially adopted by the Board shortly upon the creation of the Board. A Knowledge Management Strategy has been developed and is being presented to the Board in January 2017, which has been designed for the Committee and Board members and encourages members to attain credits via various training methods. Officers of the Fund keep members updated with training opportunities to facilitate as many opportunities as possible.</p>
<p>Sufficient knowledge and understanding has been obtained to challenge any failure by the Administering Authority to comply with the Regulations and other legislation relating to the governance and administration of the Local Government Pension Scheme and/or any failure to meet the standards and expectations set out in the Code of Practice.</p>	<p>Not sure that all members of the Board have obtained the necessary knowledge.</p>	<p>The Knowledge Management Policy was initially adopted by the Board shortly upon the creation of the Board. A Knowledge Management Strategy has been developed and is being presented to the Board in January 2017, which has been designed for the Committee and Board members and encourages members to attain credits via various training methods. Officers of the Fund keep members updated with training opportunities to facilitate as many opportunities as possible.</p>
<p>Good understanding of the statutory objectives of the Pension Regulator has been obtained and advocated through your role.</p>	<p>No comment.</p>	<p>Further reading on the statutory objectives - http://www.thepensionsregulator.gov.uk/about-us/our-objectives.aspx. This will also be part of the training being delivered in January 2017 by Hymans Robertson.</p>
<p>There is a high level understanding of the areas covered by the Pension Regulator's Code of Practice and where the Fund is compliant and non-compliant.</p>	<p>No comment.</p>	<p>Further reading on the Codes of Practice - http://www.thepensionsregulator.gov.uk/doc-library/codes.aspx. This will also be part of the training being delivered in January 2017 by Hymans Robertson.</p>
<p>The Local Pension Board makes a valuable contribution to the overall governance of the Fund.</p>	<p>No comment.</p>	<p>The Board are contributing to the governance of the Fund by looking at pre and post scrutiny of the decisions made by the Pensions Committee. The Board now needs to start making recommendations to the Committee. This will develop now the Board is more</p>

		established and knowledge is being obtained on a regular basis.
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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 There are no financial or resource implications as a result of accepting the recommendations within this report.

7. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with the proposal as it is good governance to review best practice of the Local Pension Board.	N/A	Green

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

Risk	Risk Rating
Not reviewing the effectiveness of the Local Pension Board could lead to an ineffective Board and therefore poor governance arrangements.	Amber

8. Communication Implications

8.1 There are no communication implications as a result of accepting the recommendations within this report.

9. Legal Implications

9.1 There are no legal implications as a result of accepting the recommendations within this report.

10. Consultation with Key Advisers

10.1 There has been no consultation with professional advisers in the writing of this report.

11. Alternative Options Considered

11.1 Not applicable.

12. Background Papers

12.1 None

13. Appendices

Appendix 1: Results from the effectiveness review of the Northamptonshire Local Pension Board

Checklist of Key Approvals	
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 – 3 January 2017

Appendix 1

Local Pension Board – Effectiveness review – Collective Responses

Please find below statements that will assist our understanding of the effectiveness of the Northamptonshire Local Pension Board. The information that you provide will help form a discussion on how greater effectiveness can be achieved.

For each of the statements please indicate whether you wholly agree (4) or totally disagree (1) and provide a comment in the box to support your score.

Your views will be remain anonymous

Q1	There is adequate time allocated to agenda items to ensure sufficient discussion and effective recommendations are made				
	4	3	2	1	Don't Know
	3.5				
Q2	There are a sufficient number of meetings during the year				
	4	3	2	1	Don't Know
	3.5				
Q3	The quality of the Local Pension Board papers always meet the expected standard				
	4	3	2	1	Don't Know
	4				
	The reports detailing the administration of the Fund are a sufficient overview of how the Fund is performing to challenge or				

Q4	make recommendations				
	4	3	2	1	Don't Know
	4				
Q5	There is sufficient awareness of the risks facing the Pension Fund				
	4	3	2	1	Don't Know
	3				
Q6	The Knowledge and Skills Framework adopted by the Board is adequate for achieving the required level of knowledge to enable effective scrutiny				
	4	3	2	1	Don't Know
	3 <ul style="list-style-type: none"> Not sure that all members of the Board have obtained the necessary knowledge. 				
Q7	Sufficient knowledge and understanding has been obtained to challenge any failure by the Administering Authority to comply with the Regulations and other legislation relating to the governance and administration of the Local Government Pension Scheme and/or any failure to meet the standards and expectations set out in the Code of Practice				
	4	3	2	1	Don't Know
	3 <ul style="list-style-type: none"> See 6 				
Q8	Good understanding of the statutory objectives of the Pension Regulator has been obtained and advocated through your role				
	4	3	2	1	Don't Know

	3				
Q9	Good understanding of the legal obligations in regards to reporting any breaches you deem are of material significance to the Pensions Regulator and how to go about reporting if necessary				
	4	3	2	1	Don't Know
	3.5				
Q10	There is a high level understanding of the areas covered by the Pension Regulator's Code of Practice and where the Fund is compliant and non-compliant				
	4	3	2	1	Don't Know
	3				
Q11	The Local Pension Board display the standards of behaviour expected of members as required by the Code of Conduct				
	4	3	2	1	Don't Know
	3.5				
Q12	The Local Pension Board are familiarised with the Governance Compliance Statement and how the roles of the Local Pension Board fit into the overall Administering Authority functions				
	4	3	2	1	Don't Know
	3.5				
Q13	There is sufficient awareness of potential conflicts of interest and what actions are required if one arises				
	4	3	2	1	Don't Know
	4				

Q14	Adequate information is provided to the Local Pension Board in order to carry out the role effectively. Please specify what further information could be provided to assist you in your role, if any.				
	4	3	2	1	Don't Know
	4				
Q15	The Local Pension Board makes a valuable contribution to the overall governance of the Fund				
	4	3	2	1	Don't Know
	3				

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LOCAL PENSION BOARD

23 January 2017

Report by: THE HEAD OF PENSIONS

Subject:	CIPFA Pensions Administration Benchmarking Club Report 2016
Purpose of the Report	To inform the Local Pension Board of the results of the CIPFA Pensions Administration Benchmarking Club Report 2016
Recommendations	That the Local Pension Board notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Northamptonshire Pension Fund has participated in the CIPFA Pensions Administration Benchmarking Club in respect of the year ending 31 March 2016. The Benchmarking Club enables other participating LGPS administering authorities to measure and compare performance and associated costs.
- 1.2 The final report was issued on 30 November 2016, comparing performance with 43 other LGPS administering authorities, including Cambridgeshire Pension Fund with whom LGSS Pensions operate joint administration with fully converged processes.
- 1.3 It should be noted that central government are aware that the results from the CIPFA Benchmarking report are not sufficiently robust as to be used in any analysis of the costs of running the LGPS by each participating administering authority. It is generally considered that the survey questions can be ambiguous allowing for potential skewing of true results to seek favourable result outcomes.
- 1.4 Participation in the benchmarking exercise is voluntary and over recent years has seen a significant decline of the number of administering authorities taking part to just under 50%.
- 1.5 It should also be noted that the costs submitted during the completion of this survey do not directly relate to that reported in the Fund's final statement of accounts.
- 1.6 The final report is attached in appendix 1.

2. Overview of the final report

2.1 The summary of results in section 1 (page 4) shows that staff costs, excluding payroll, are £8.27 per scheme member which is below the club average of £8.58. The number of scheme members per full time equivalent member of staff is 5,313 compared with the club average of 4,025.

2.2 The summary in section 2 (page 5) indicates that the total net administration cost per member is £19.85 compared with the lower club average of £18.48. The net administration costs are a total of staff, payroll, overheads and direct costs. In 2015, the net cost was £18.75 per member compared with the club average of £19.17.

2.2.1 Section 2 of the results also provides a detailed analysis of the cost per member. The following table highlights the areas where the costs per member are higher than the club average. Results are given for 2015 and 2016.

Area/Function	Northamptonshire Pension Fund (cost per member)		Club average (cost per member)	
	2015 (£)	2016 (£)	2015 (£)	2016 (£)
Payroll (including staff)	4.40	4.27	1.85	1.35
Other running costs	1.16	4.46	0.78	1.22
Accommodation	0.71	0.62	0.65	0.60

2.2.2 Payroll (including staff) costs per member has in this and previous years been higher than the club average due to the high license fee for the previous pension payroll system, Oracle. The pensioner payroll moved from Oracle to Altair on 1 October 2016 and so the cost of the payroll function should start to decrease in 2016-17.

2.2.3 Conversely, the following table highlights the areas where the costs per member are lower than the club average.

Area/Function	Northamptonshire Pension Fund (cost per member)		Club average (cost per member)	
	2015 (£)	2016 (£)	2015 (£)	2016 (£)
Staff (excluding payroll)	4.61	8.27	7.83	8.58
Communications	0.59	0.47	0.78	0.70
IT Pensions Administration	2.05	0.33	2.32	2.26
Actuaries	2.36	0.53	1.14	0.91
Other central charges	1.85	0.71	1.60	1.27

2.3 Section 3 (page 13) details that the total number of joiners and leavers per '000 of active members is above average with 352 joiners and leavers compared with the club average of 296.

- 2.4 Section 4 (page 22) examines staff related measures. A high proportion of staff hold no relevant qualification, however since 2015 the number of staff in training for a qualification is above the club average.
- 2.5 Section 4 (page 25) also details that both the short and long term sickness absence continues to be below the club average at 2.7 full time equivalent days per member of staff compared with 6.5.
- 2.6 For section 5 (page 26), performance indicator data was provided for six out of the eight indicators. The results show that the administering authority's performance exceeded the club average in four areas. For the two areas in which the target performance was not met, namely the provision of estimates and transfer in quotations, the underperformance was within 3%.
- 2.7 Section 6 (page 27) shows a comparison of in-house administrators compared with outsourced administrators in terms of cost per member (including payroll costs). The details for Northamptonshire Pension Fund compared with the outsourced average and the club average are as follows:

	Northamptonshire Pension Fund (£)	Club average (£)	Outsourced average (£)
2015	18.75	19.17	21.06
2016	19.85	18.48	18.12

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>

4. Finance & Resources Implications

4.1 Not applicable

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report		Green

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

Risk	Risk Rating
This report does not contain a proposal	Red

6. Communication Implications

Website	The CIPFA Pensions Administration Benchmarking Club Report 2016 will be published on the LGSS Pensions website.
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7. Legal Implications

7.1 There are no legal implications connected to the contents of this report.

8. Consultation with Key Advisers

8.1 There has been no requirement to consult with advisers over the content of this report.

9. Alternative Options Considered

9.1 There are no alternative options to be considered.

10. Background Papers

10.1 Not applicable

11. Appendices

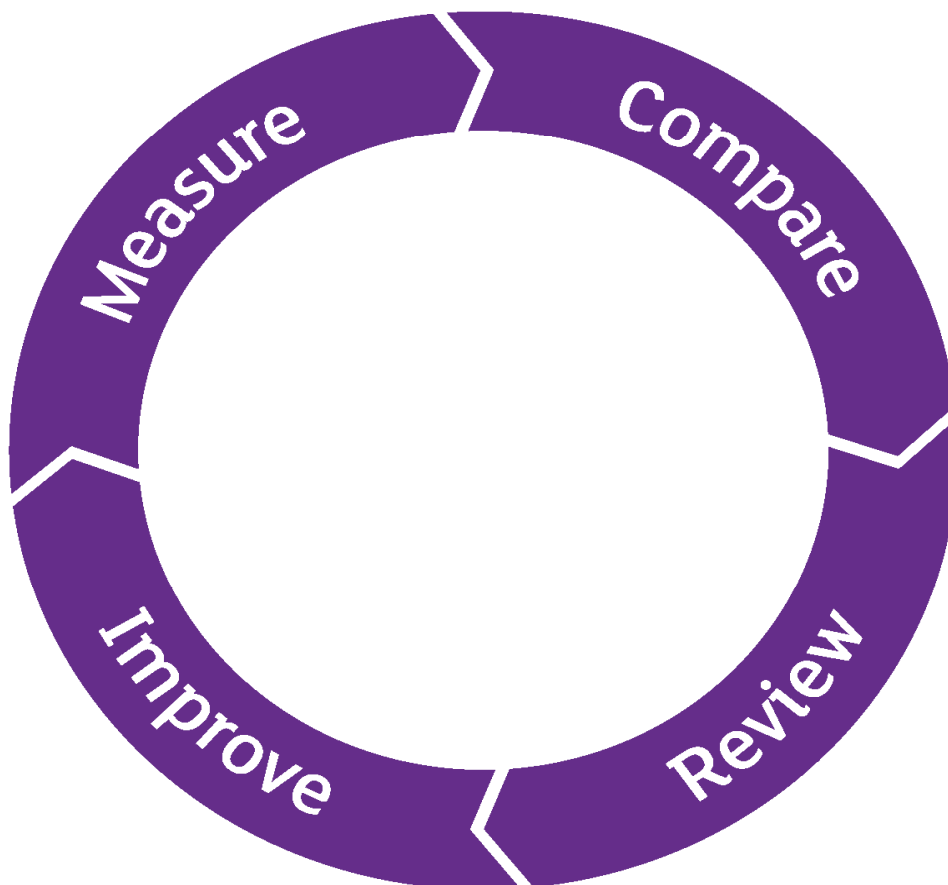
Appendix 1 - CIPFA Pensions Administration Benchmarking Club Report 2016

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 Head of Pensions?	Mark Whitby – 04/01/2017

Information Services

pensions administration benchmarking club

2016 - Northamptonshire Final Report



PREFACE

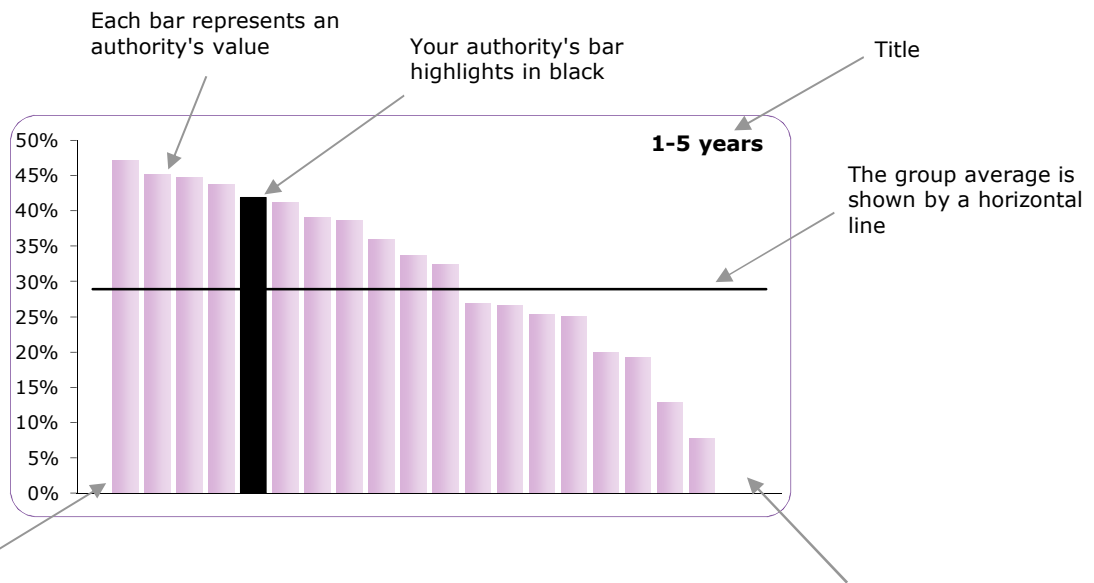
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

Averages: Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

Charts: We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc.). Below we have annotated an example chart to help explain what they are showing.

Bar Charts: These are our standard method of displaying a full set of data



'Missing bars' on the left represent missing data or excluded data and are not included in calculating the average

Staff experience			
	FTE	%	Avg
< 1 year	1.5	10%	9%
1-5 years	6.5	42%	29%
5-10 years	3.5	23%	21%
> 10 yrs	4.0	26%	41%
Total	15.5		

'Missing bars' on the right represent zero values and are included in the average

INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
1 Summary 2016	4
2 Cost Measures	5
3 Workload Measures	11
4 Staff Related Measures	22
5 Industry Standard Performance Indicators	26
6 Comparison by method of service delivery } <i>final reports</i>	27
7 Timeseries } <i>final reports only</i>	28

Section 1 - Summary 2016

This page provides a brief summary of the most salient aspects of the report.

Section 2 - Cost Measures

This section concentrates on cost/member ratios starting with total cost/member which is then broken down by staff costs, payroll costs, direct costs, overheads and income. Further analysis of direct costs and overheads is also provided in this section.

Section 3 - Workload Measures

The first measure of workload is the number of members in the scheme, which is shown along with a breakdown by class of membership. This is followed by an analysis of the number and type of LGPS employers.

Other workload measures include:

- Joiners and leavers with a full analysis of the various types of retirements
- Number of quotations provided and actual events processed
- AVCs, ARCs and Added years
- Appeals

Section 4 - Staff Related Measures

The measures included here are an analysis of staff numbers by pay band, sickness absence, pensions work experience, staff qualifications and staff turnover.

Section 5 - Industry Standard Performance Indicators

In this section we show how authorities perform against each of the LGPC performance indicators.

Section 6 - Comparison by Method of Service Delivery (final report only)

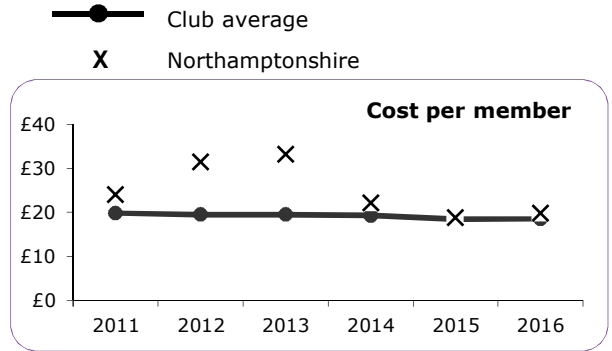
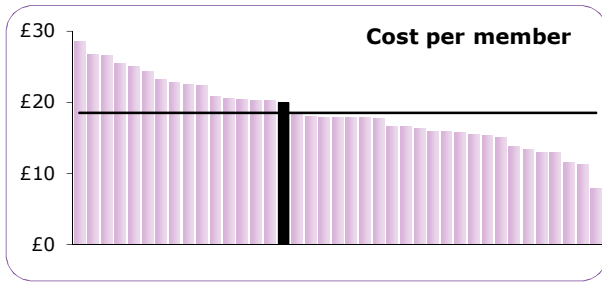
This shows members' costs and averages compared for in-house and externally managed pension schemes.

Section 7 -Timeseries (final report only)

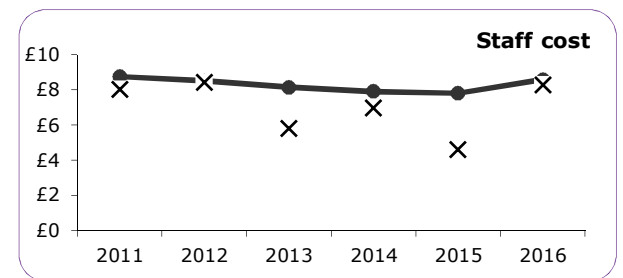
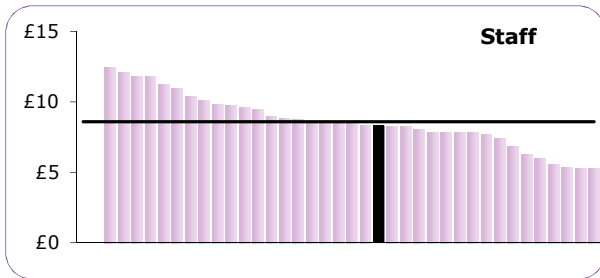
This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

SECTION 1 - SUMMARY 2015/16

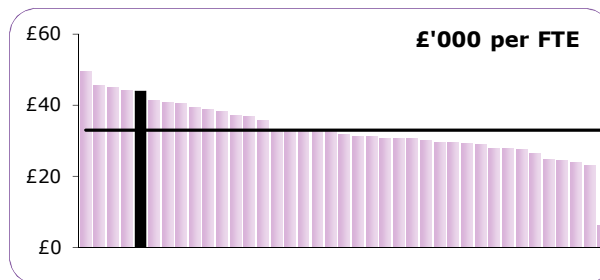
NET COST / MEMBER 2015/16



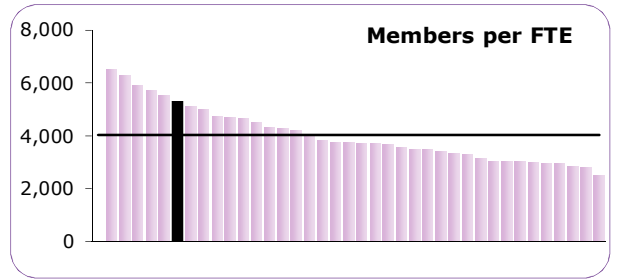
STAFF COST / MEMBER 2015/16



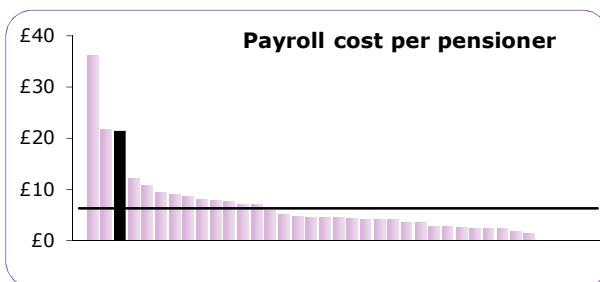
COST £'000 / FTE



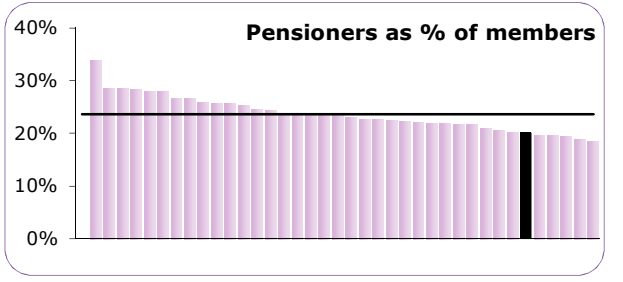
MEMBERS LGPS / ADMIN FTE



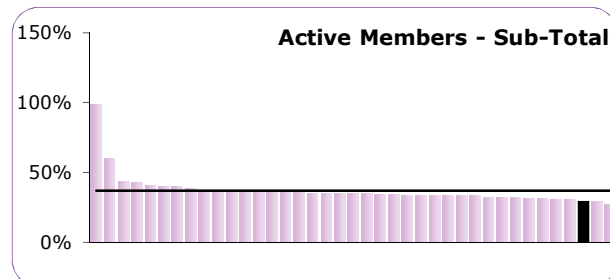
PAYROLL COST / PENSIONER



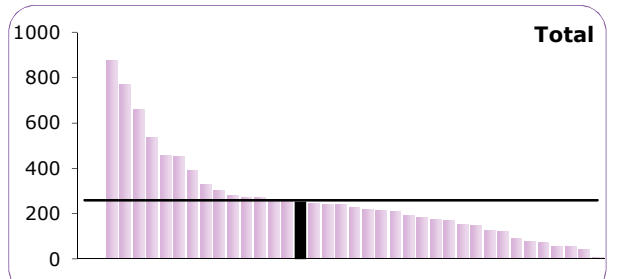
PENSIONERS AS A % MEMBERS



ACTIVES AS A % MEMBERS



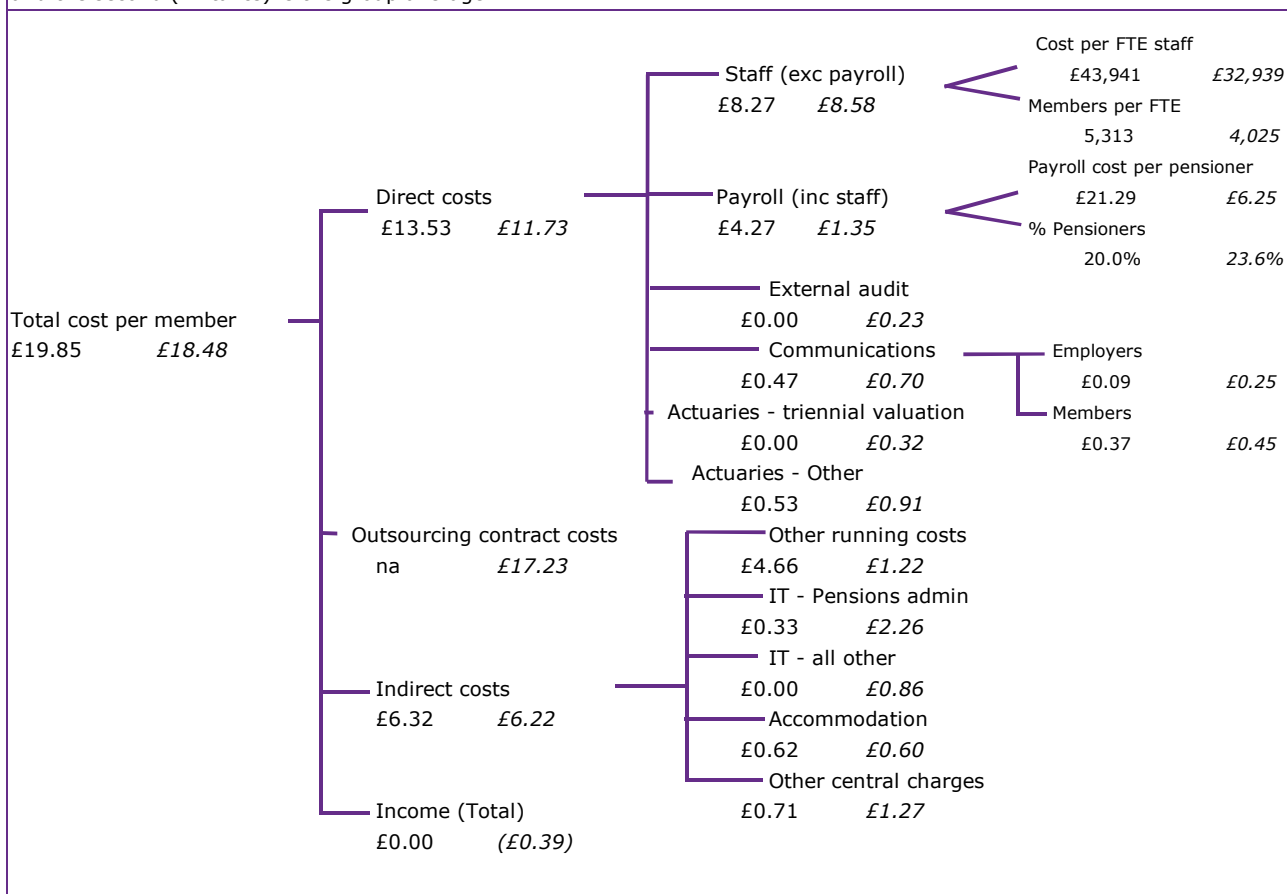
NUMBER OF LGPS EMPLOYERS



SECTION 2 - COST MEASURES

COST/MEMBER TREE 2015/16

This tree diagram analyses the cost per member. For each benchmark two figures are given the first being the authority's cost and the second (in italics) is the group average.



FTE staff	
Pension Section total	23.5
<i>less</i>	
IT staff	3.7
Payroll staff	2.0
Communications staff	0.4
Employing authority work	5.3
Work for other schemes	na
Other work	na
Admin of LGPS	12.1

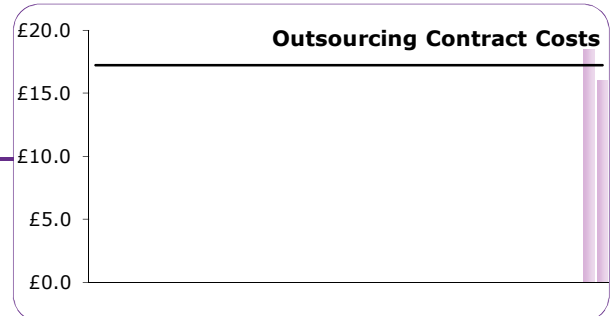
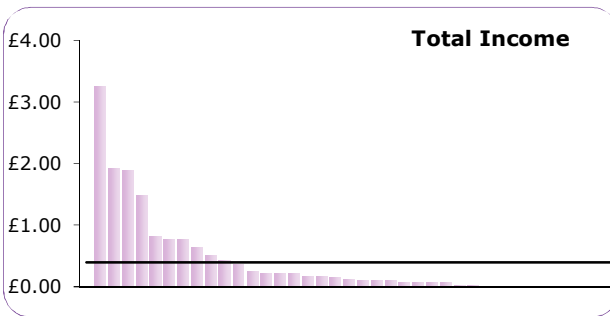
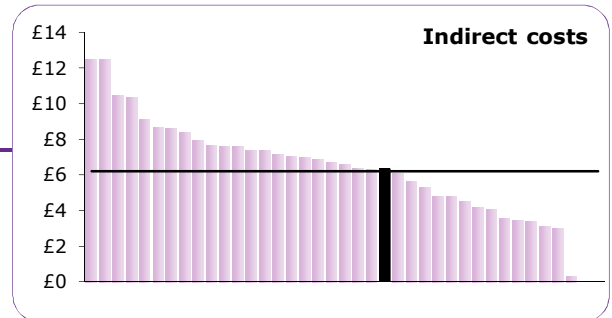
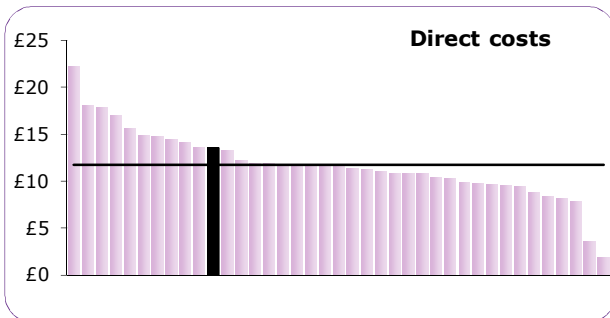
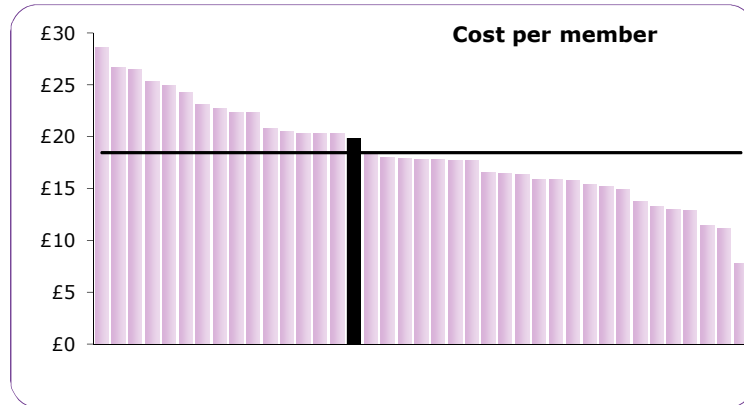
Net Costs £'000	
	£'000
Pension Section total	1,851
<i>less</i>	
Work for other schemes	83
Employing authority work	193
Other work	296
Admin of LGPS	1,279

Admin of LGPS costs	£'000	£ per member	Avg
Staff - administration	533	8.27	8.58
Staff - payroll	-	-	0.34
Payroll	275	4.27	1.01
Communications (Total)	30	0.47	0.70
Actuaries - triennial valuation	-	-	0.32
Actuaries - other	34	0.53	0.91
External audit	-	-	0.23
Total Direct Costs	872	13.53	11.73
Outsourcing costs	-	na	17.23
Other running costs	300	4.66	1.22
IT - Pensions admin	21	0.33	2.26
IT - All other	-	-	0.86
Accommodation	40	0.62	0.60
Other central charges	46	0.71	1.27
Total Indirect Costs	407	6.32	6.22
Gross Cost	1,279	19.85	18.83
Income - Members	-	-	(0.04)
Income - Employers	-	-	(0.15)
Income - Other	-	-	(0.20)
Total Income	-	-	(0.39)
Net Cost	1,279	19.85	18.48

Total Scheme Membership 64,442

*Outsourcing Contract Costs average only includes those members who have outsourcing costs.

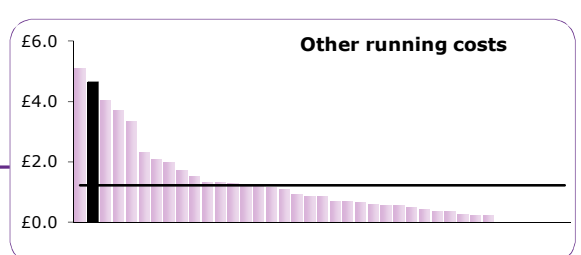
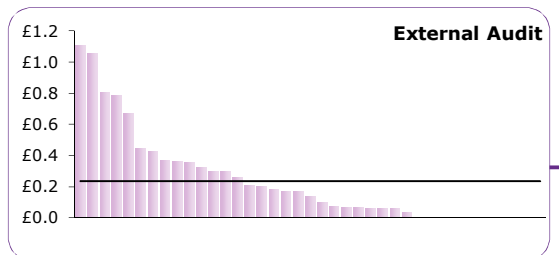
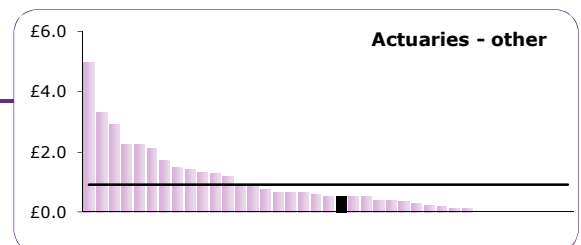
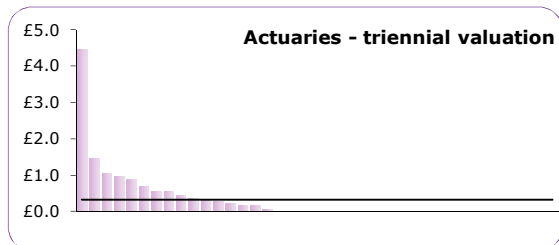
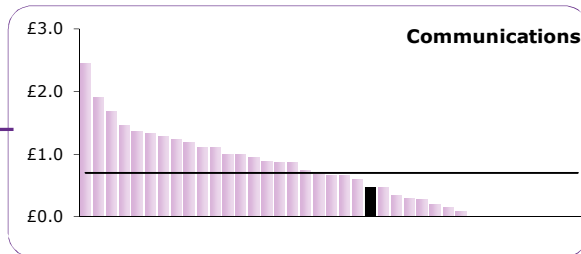
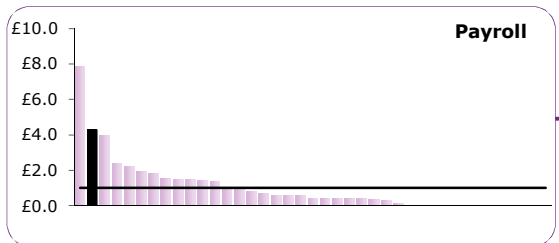
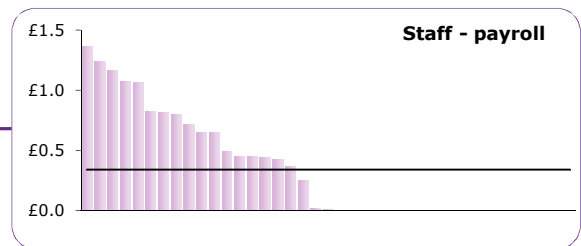
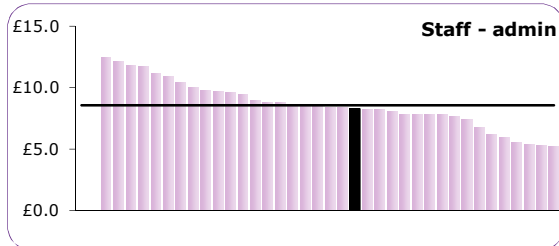
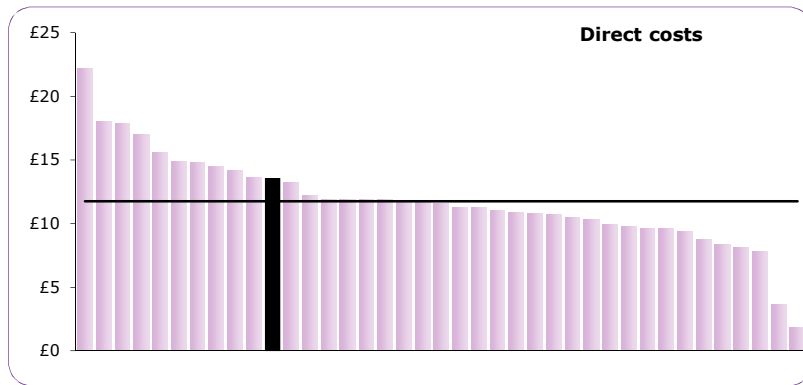
COST PER MEMBER 2015-16



Admin of LGPS costs		£ per member	
	£'000		Avg
Total Direct Costs	872	13.53	11.73
Outsourcing costs	-	na	17.23
Total Indirect Costs	407	6.32	6.22
Total Income	-	-	(0.39)
Net Cost	1,279	19.85	18.48

Total Scheme Membership	64,442
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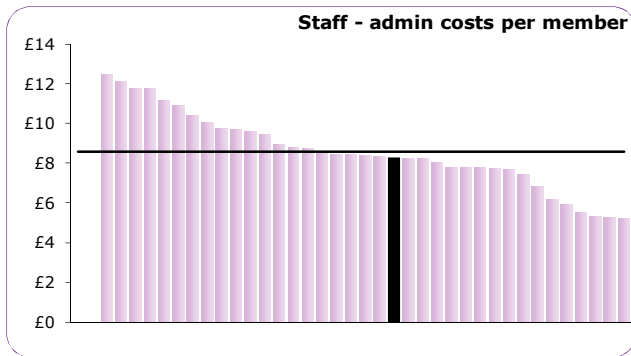
COSTS PER MEMBER - Direct costs 2015/16



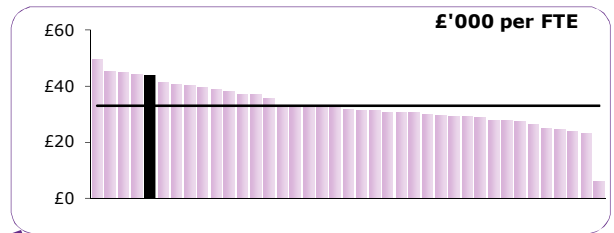
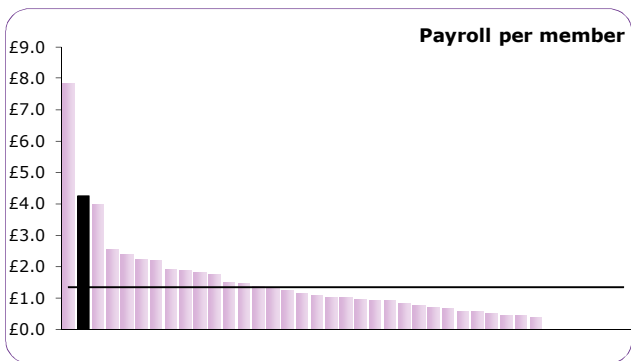
Direct costs	£'000	£ per member	Avg
Staff - admin	533	8.27	8.58
Staff - payroll	-	-	0.34
Payroll	275	4.27	1.01
Communications	30	0.47	0.70
Actuaries - triennial valuation	-	-	0.32
Actuaries - other	34	0.53	0.91
External audit	-	-	0.23
Total	872	13.53	11.73

DIRECT COSTS PER MEMBER - Staff and Payroll costs 2015/16

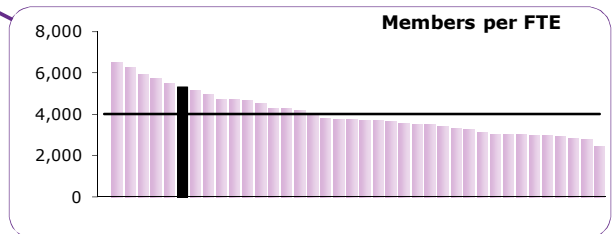
	£'000	£ per member	Avg
Staff - admin	533	8.27	8.58



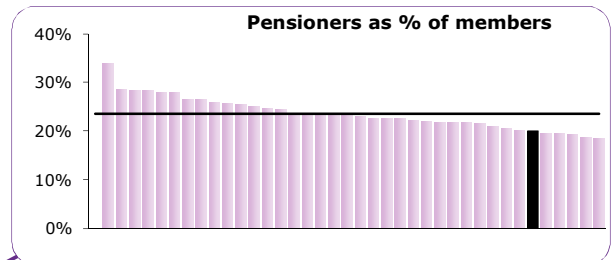
	£'000	£ per member	Avg
Payroll (combined)	275	4.27	1.35



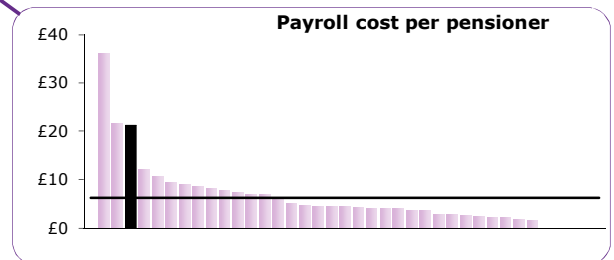
Northamptonshire 43.9 Avg 32.9



Northamptonshire 5,313 Avg 4,025

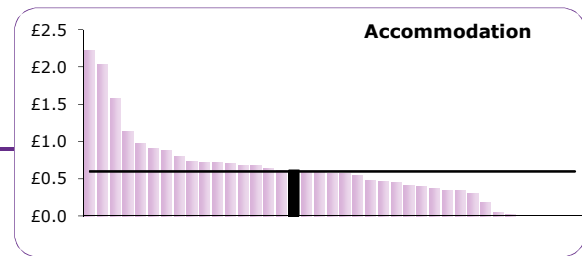
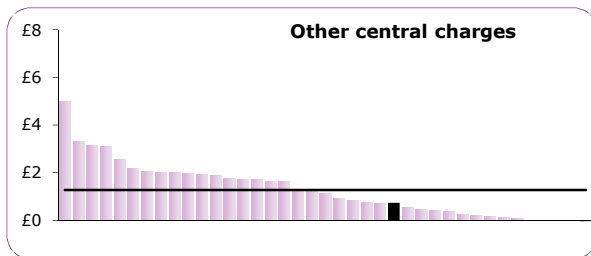
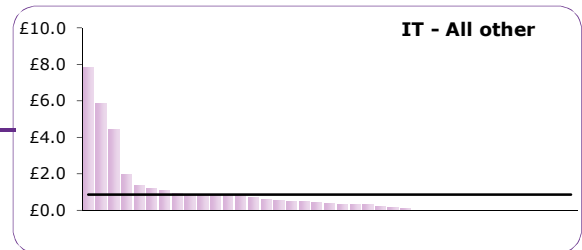
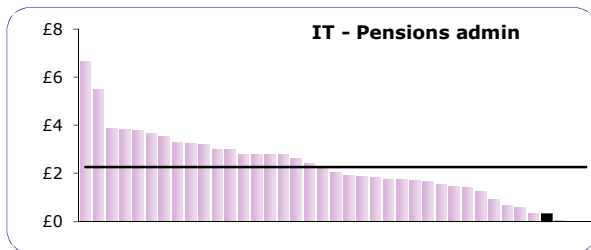
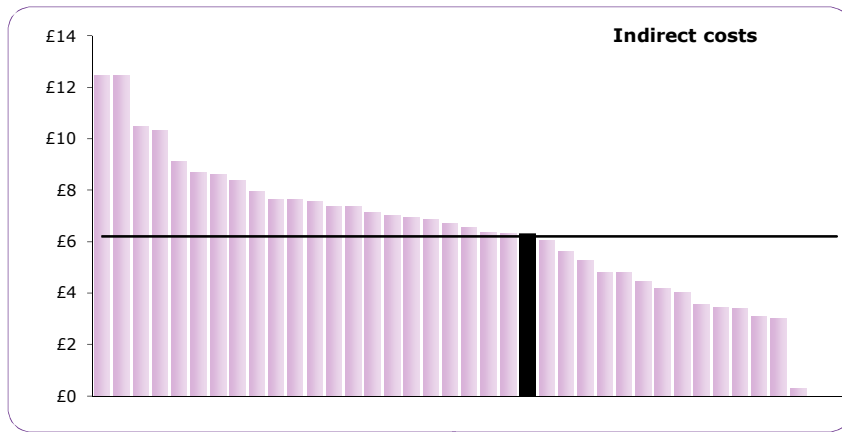


Northamptonshire 20% Avg 24%



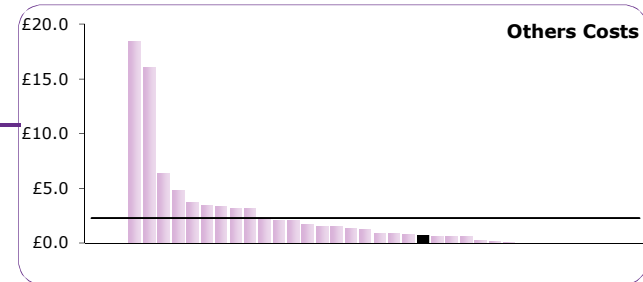
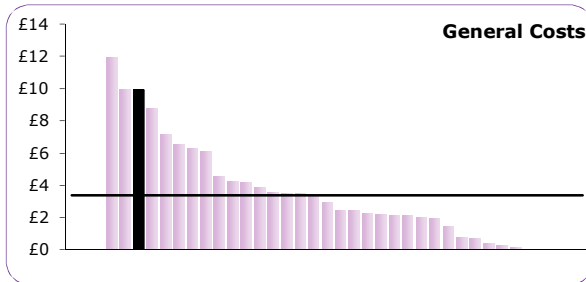
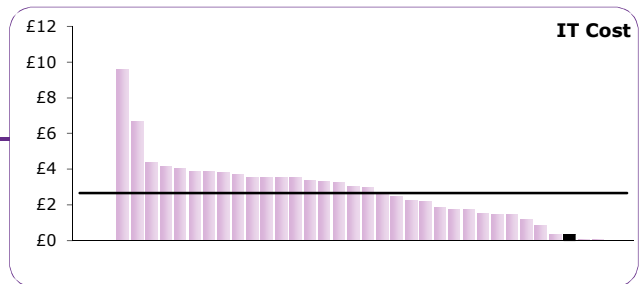
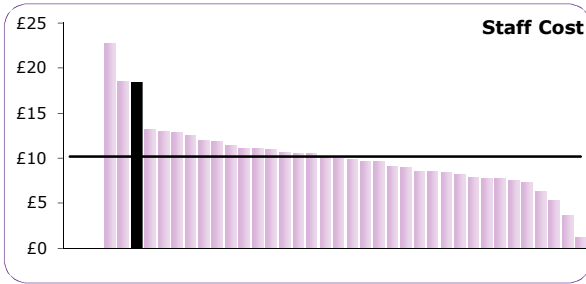
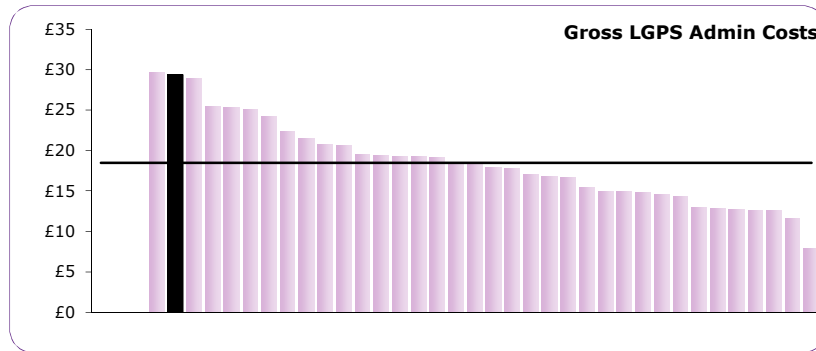
Northamptonshire 21.3 Avg 6.2

COSTS PER MEMBER - Indirect costs 2015/16



Indirect costs	£'000	£ per member	Avg
Other running costs	300	4.66	1.22
IT - Pensions admin	21	0.33	2.26
IT - All other	-	-	0.86
Accommodation	40	0.62	0.60
Other central charges	46	0.71	1.27
Total	407	6.32	6.22

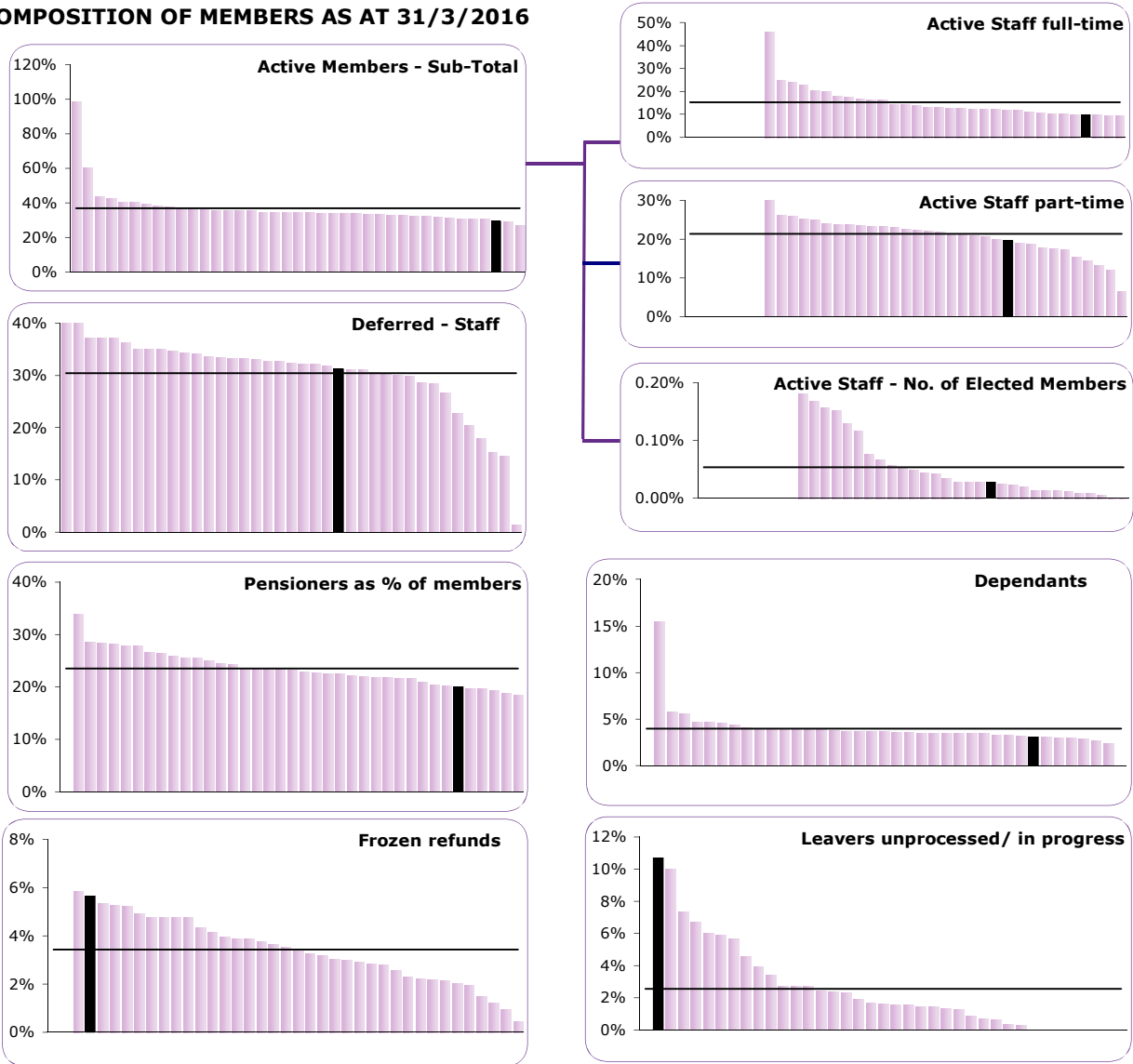
COSTS PER MEMBER - LGPS Administration Expenses Analysis 2015/16



LGPS Administration Expenses		£ per member	Avg
	£'000		
Staff Costs	1,186	18.40	10.17
IT Costs	23	0.36	2.67
General Costs	638	9.90	3.37
Other Costs	45	0.70	2.26
Gross LGPS Admin Exp.	1,892	29.36	18.47
Gross LGPS Income	41	0.64	0.67
Net LGPS Admin Exp.	1,851	28.72	17.80

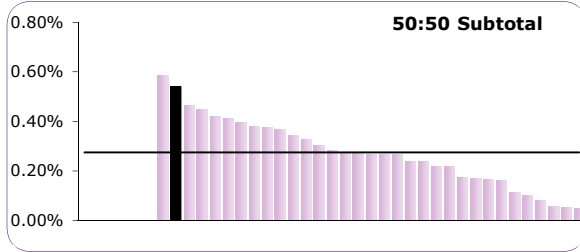
SECTION 3 - WORKLOAD MEASURES

COMPOSITION OF MEMBERS AS AT 31/3/2016



Composition of members				
	No.	%	Avg	Avg %
Active:				
- full-time	6,280	9.7%	19,886	15.3%
- part-time	12,539	19.5%	17,548	21.4%
- no. of elected Members	18	0.0%	39	0.05%
- sub-total	18,837	29.2%	36,572	36.9%
Deferred:				
- Staff	20,160	31.3%	31,783	30.5%
- Elected Members	12	0.0%	33	0.0%
Pensioners	12,919	20.0%	24,676	23.6%
Dependants	1,978	3.1%	4,210	3.9%
Frozen refunds	3,634	5.6%	3,302	3.4%
Leavers unprocessed/ in progress	6,902	10.7%	2,368	2.5%
Total	64,442		102,943	

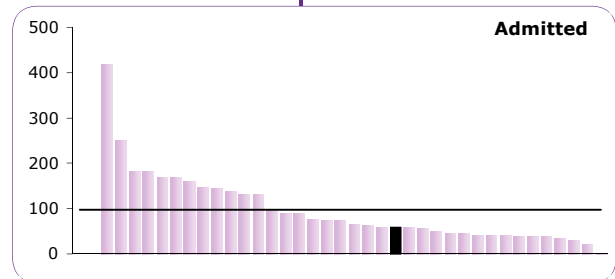
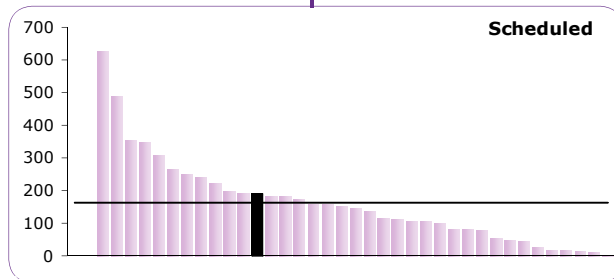
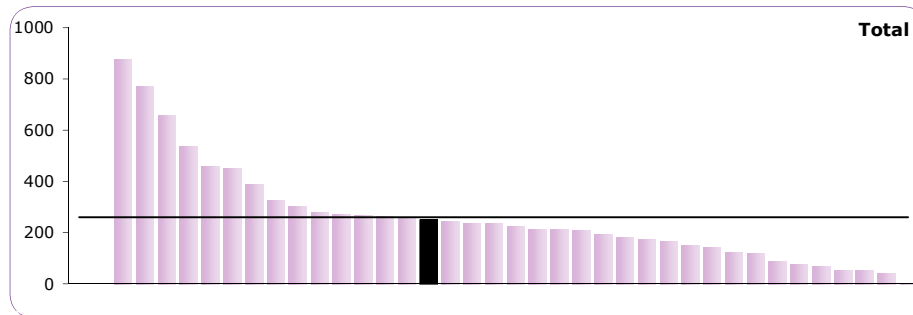
COMPOSITION OF MEMBERS AS AT 31/03/2016



Composition of active members

	No.	%	Avg
50:50	102	0.5%	0.3%

NUMBER OF LGPS EMPLOYERS AS AT 31/03/2016



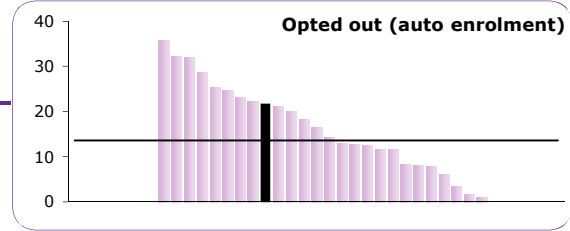
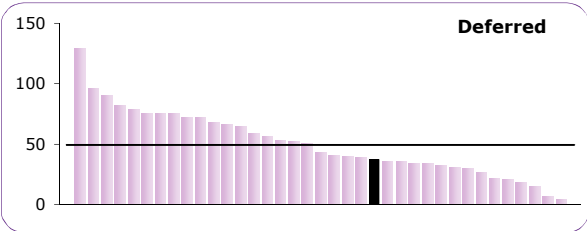
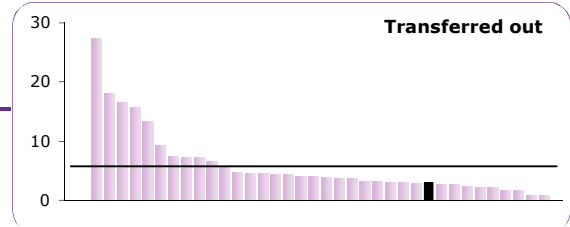
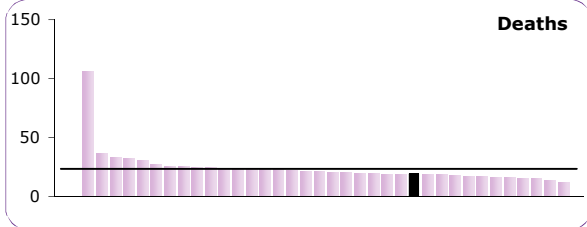
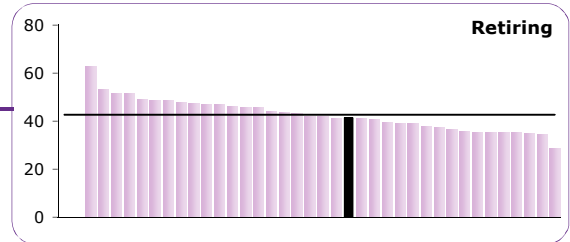
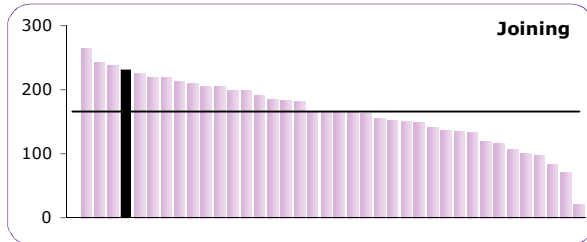
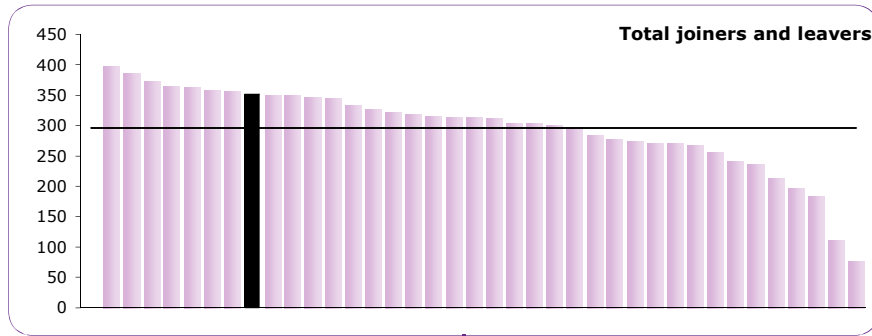
LGPS employers (31/3/16)

	No.	Avg	of which:	No.	%	Avg
Scheduled	192	163	Local Authorities	10	5%	9%
Admitted	60	97	Transferee	53	88%	44%
Total	252	260				

Employer changes 2015/16

	+/- Changes		Admitted		Leaving	
	No.	Avg	No.	Avg	No.	Avg
Scheduled	-	2	28	13	3	1
Admitted	-	1	10	9	60	34

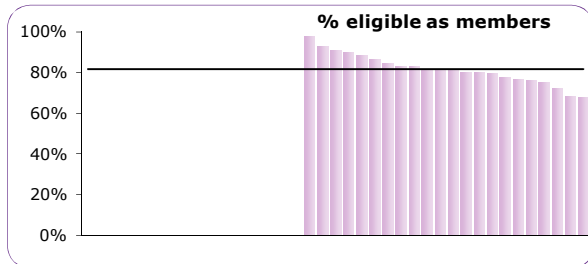
JOINERS & LEAVERS (per '000 active members)



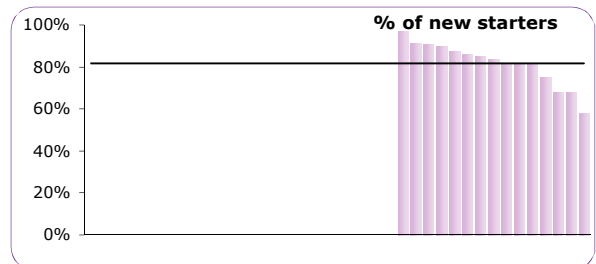
Joiners & leavers (per '000 active members)			
	No.	'000	Avg
Joining	4,340	230	166
Retiring	777	41	43
Deaths	352	19	23
Transferred out	54	3	6
Deferred	700	37	49
Opted out	409	22	14
Total	6,632	352	296

Active members
18,837

LGPS members as % eligible employees

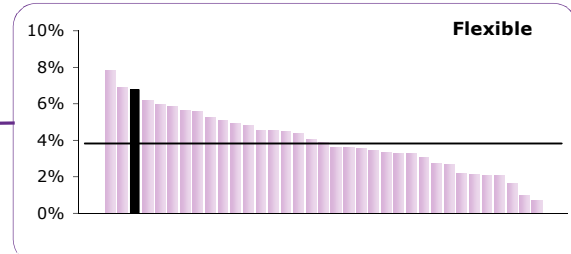
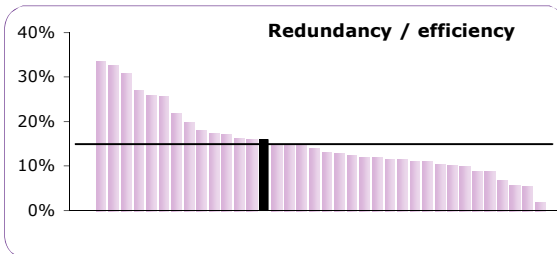
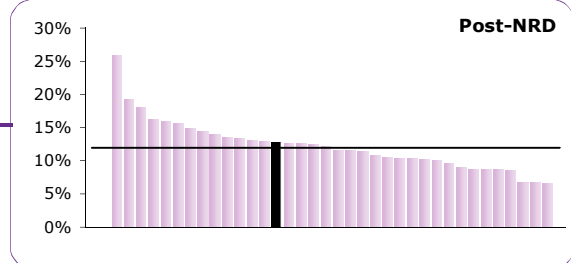
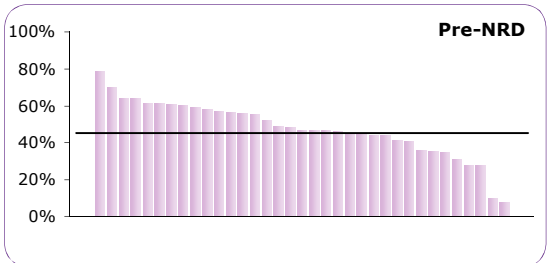
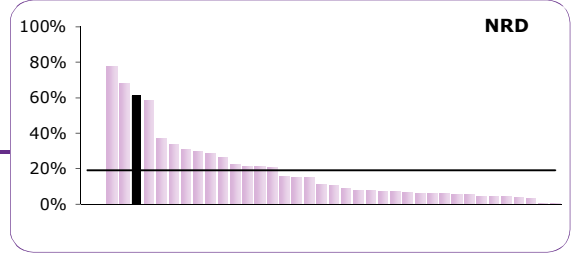
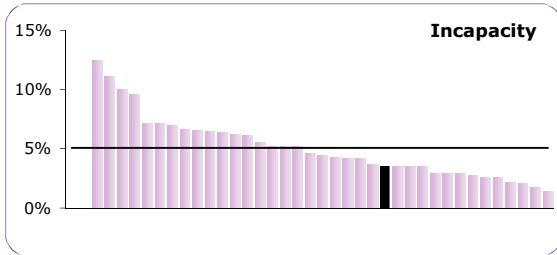
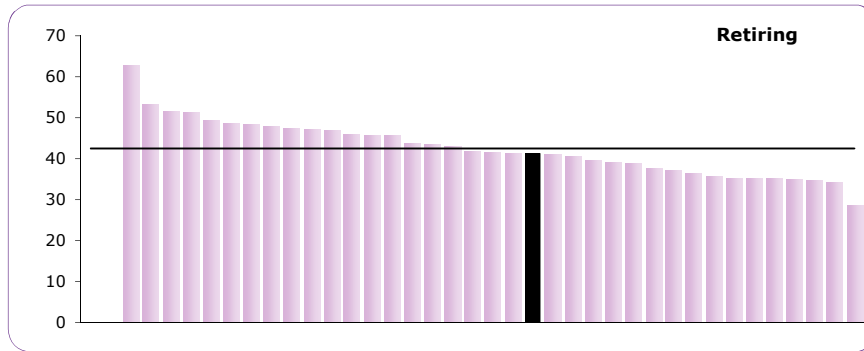


Northamptonshire na Avg 82%



Northamptonshire na Avg 82%

RETIRING (per '000 active members)

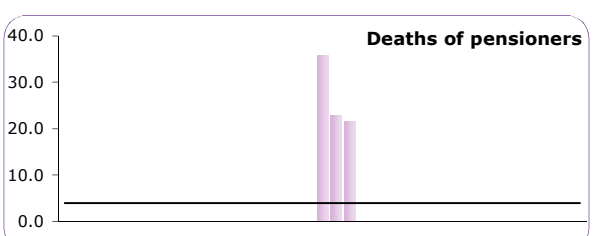
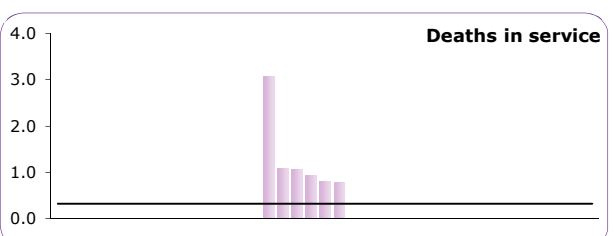
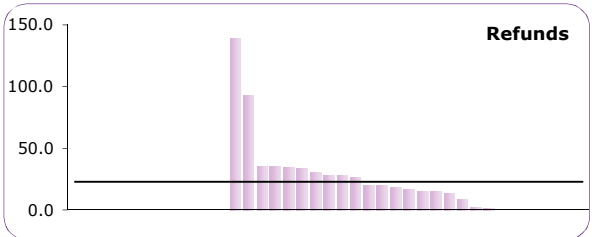
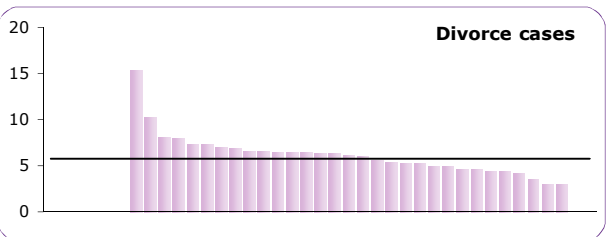
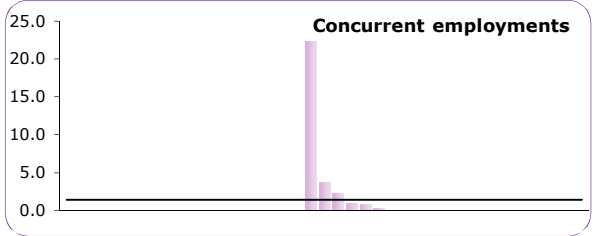
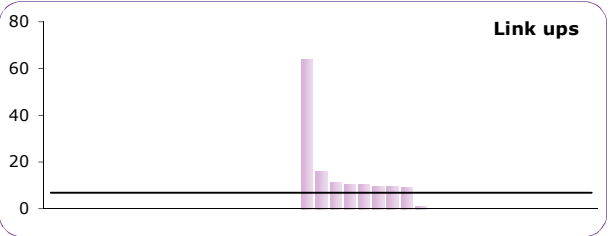
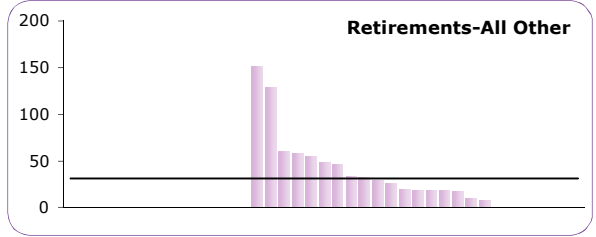
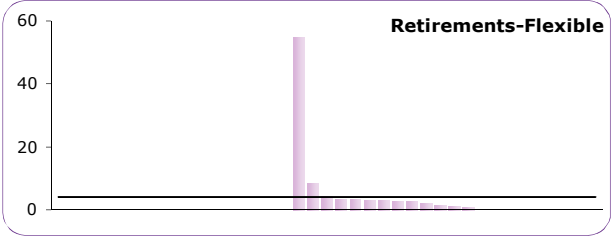
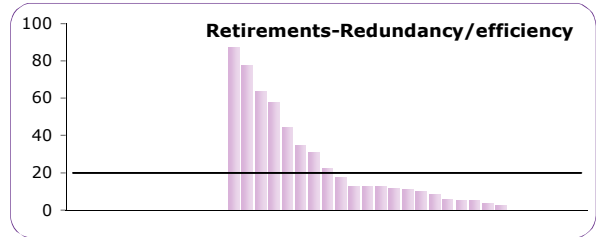
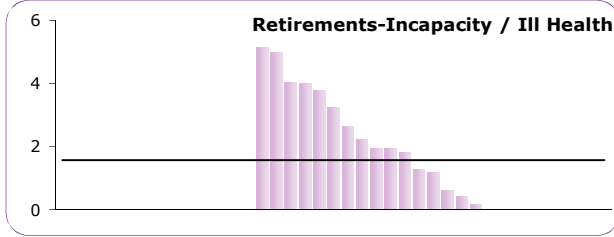
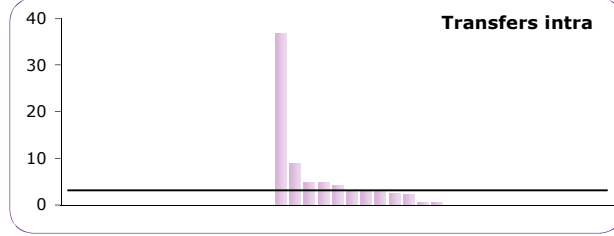
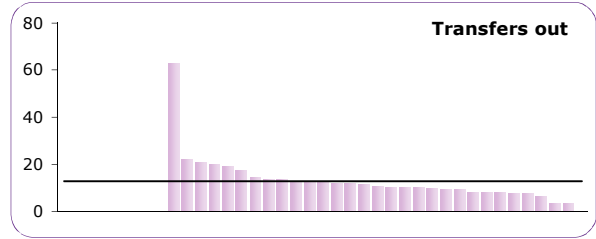
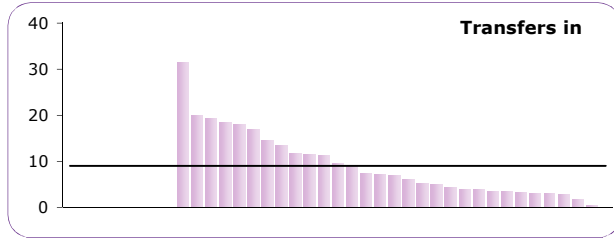


Retirements	No.	%	Avg
Incapacity	27	4%	5%
NRD	469	61%	19%
Pre-NRD	-	0%	45.2%
Post-NRD	98	13%	12%
Redundancy / efficiency	122	16%	15%
Flexible	52	6.8%	3.8%
Total	768		

Retiring (per '000 active members)			
	No.	'000	Avg
Retiring	768	41	43

Active members	
	18,837

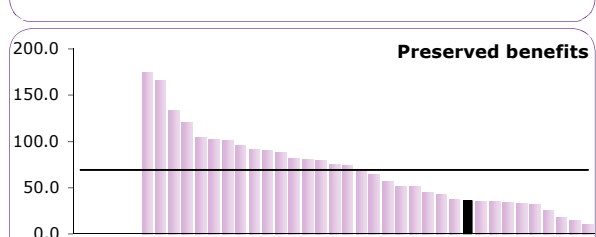
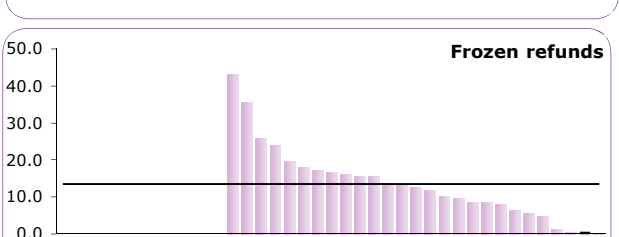
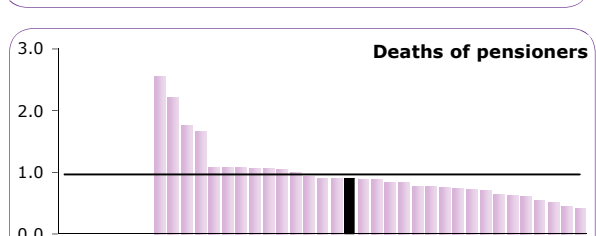
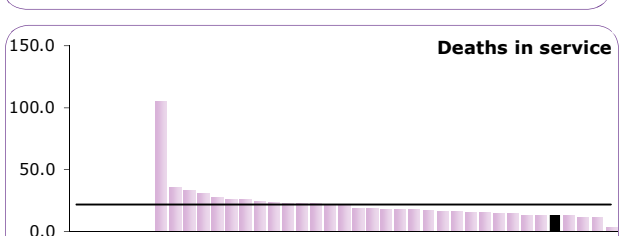
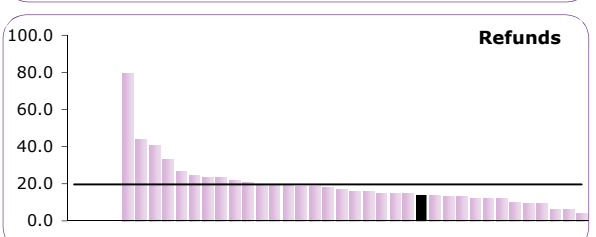
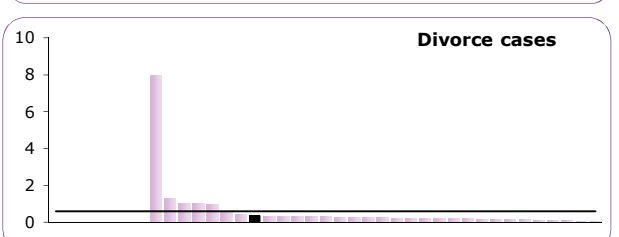
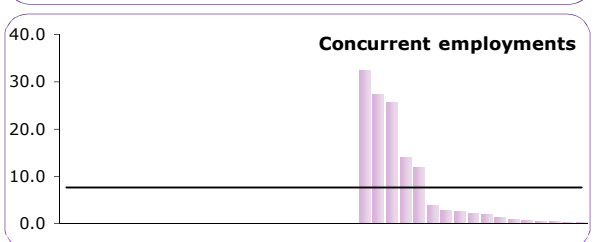
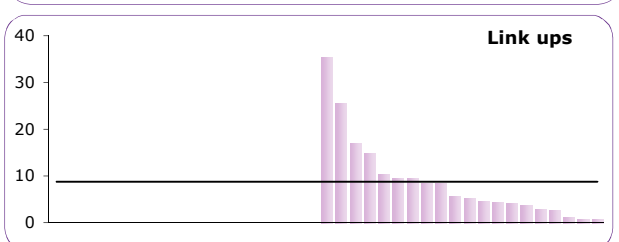
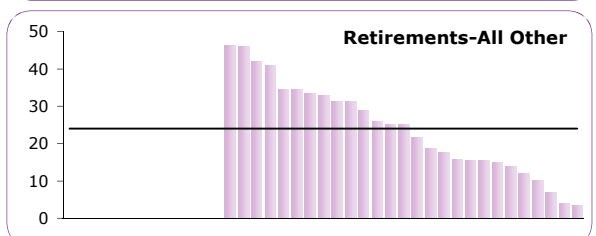
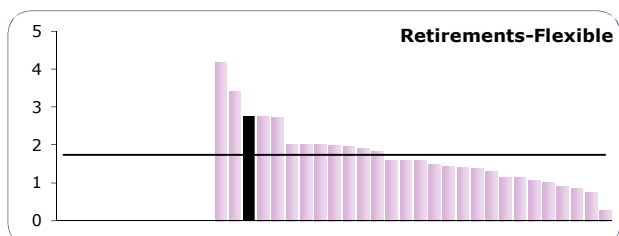
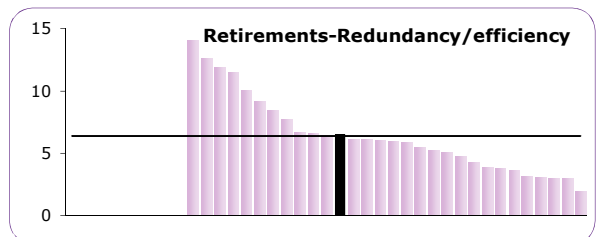
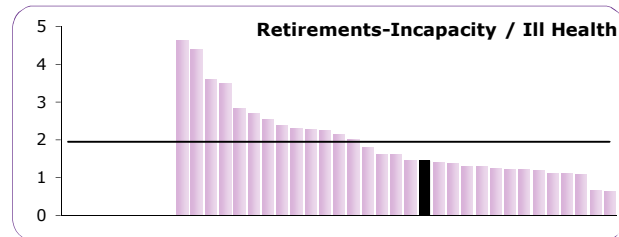
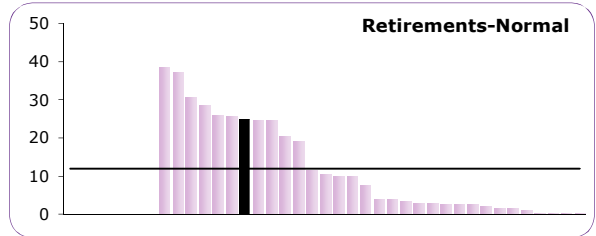
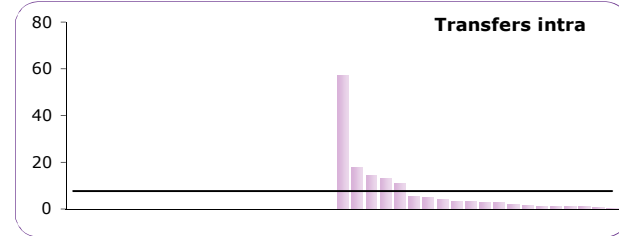
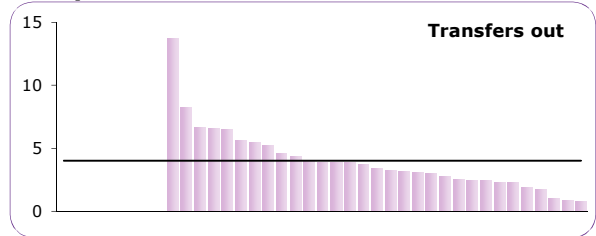
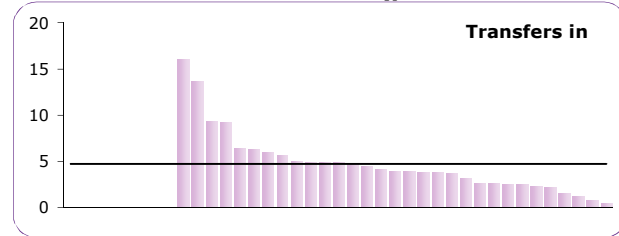
NUMBER OF QUOTATIONS PROVIDED (per '000 active members)



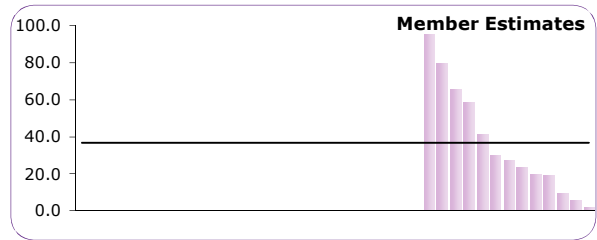
No of bulk transfers	No.	'000	Avg
TUPE -in	na	na	0
TUPE -out	na	na	0
Academies	na	na	0

Active members: 18,837		No.	'000	Avg
Quotations provided				
TUPE -in		na	na	0.0
TUPE -out		na	na	0.0
Academies		na	na	0.0
Retirements:				
- Normal		na	na	13.8
- Incapacity/ill-health		na	na	1.6
- Redundancy/efficiency		na	na	20.0
- Flexible		na	na	4.1
- All other		na	na	31.2
Transfers in		na	na	8.9
Transfers out		na	na	12.9
Transfers intra		na	na	3.1
Link ups		na	na	6.7
Concurrent employments		na	na	1.4
Refunds		na	na	22.9
Divorce cases		na	na	5.8
Deaths in service		na	na	0.3
Deaths of pensioners		na	na	4.0

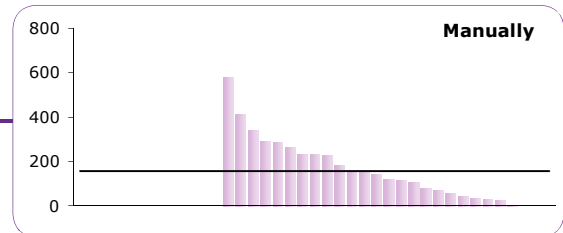
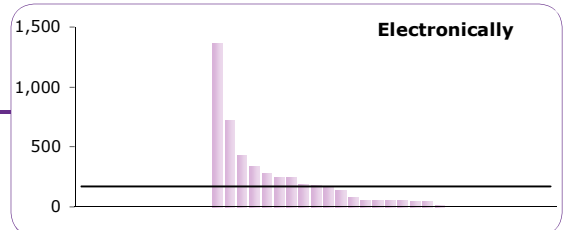
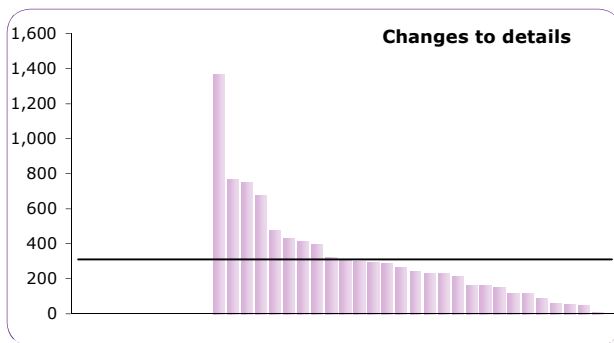
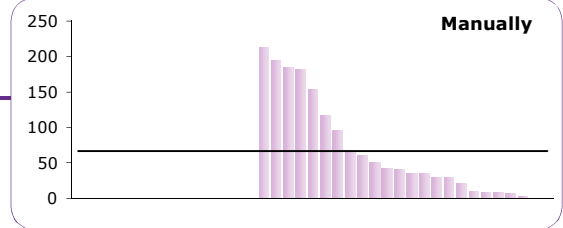
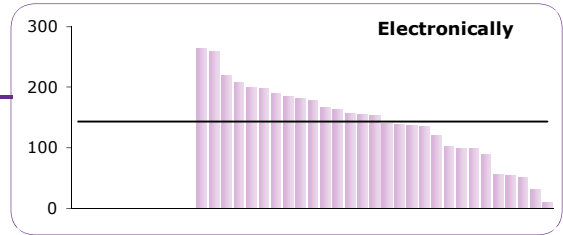
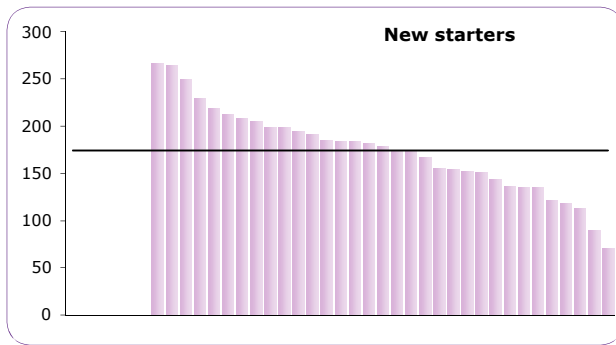
NUMBER OF ACTUAL EVENTS (per '000 active members)



Active members:		18,837		
Actual events	No.	'000	Avg	
TUPE -in	na	na	0	
TUPE -out	na	na	0	
Academies	na	na	10	
Retirements:				
- Normal	469	25	12	
- Incapacity/ill-health	27	1	2	
- Redundancy/efficiency	122	6	6	
- Flexible	52	2.8	2	
- All other	..	na	24	
Transfers in	..	na	5	
Transfers out	..	na	4	
Transfers intra	-	na	7	
Link ups	..	na	9	
Concurrent employments	na	na	8	
Refunds	263	14	20	
Frozen refunds	9	0.5	14	
Preserved benefits	673	36	69	
Divorce cases	7	0	1	
Deaths in service	244	13.0	22	
Death of pensioners	17	1	1	
Single Status / Job Evaluation	na	na	na	
Members Estimates	na	na	37	



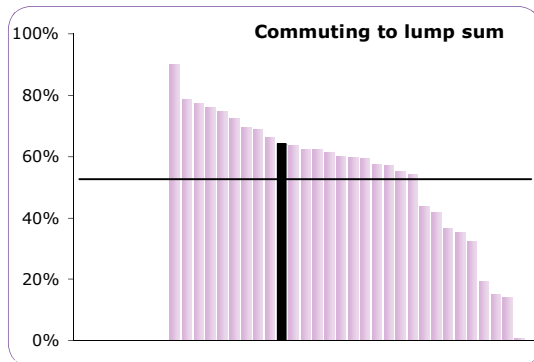
ACTUAL CALCULATIONS (per '000 active members)



RETIREMENTS

Active members	
	18,837

Retirements commuting to lump sum

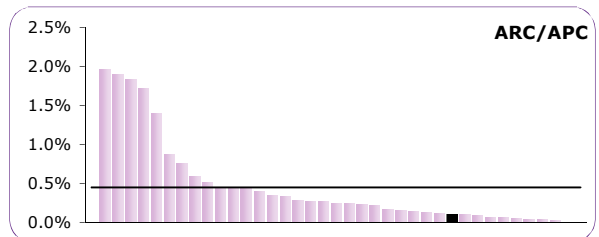
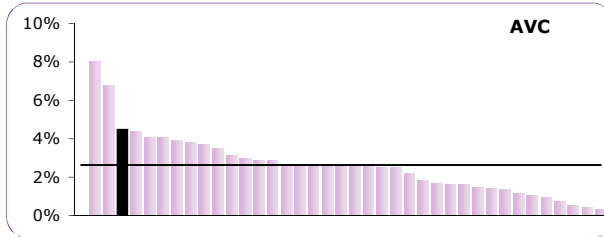


Actual calculations			
	No.	'000	Avg
New starters	..	na	174
- electronically	..	na	143
- manually	na	na	66
Changes to details	..	na	308
- electronically	na	na	169
- manually	na	na	156

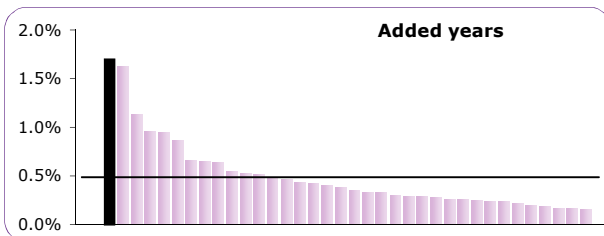
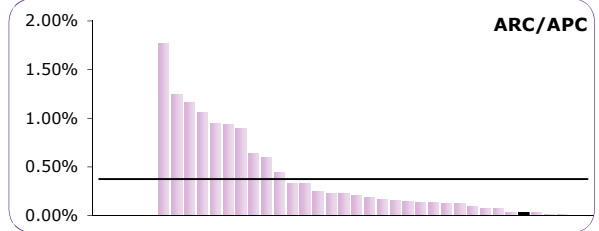
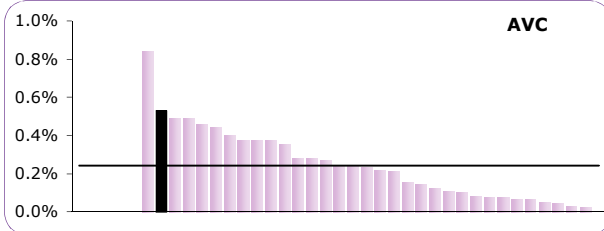
Retirements commuting lump sum		
Number	% total	Avg
494	64%	53%

AVCs, ARCs and Added years

% Currently contributing



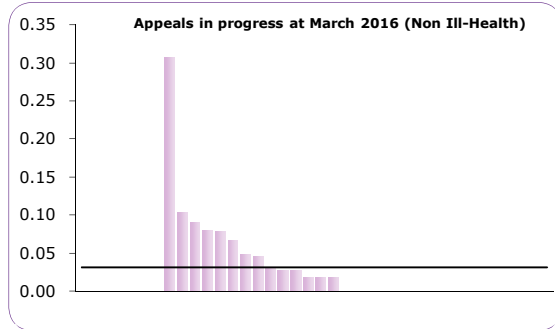
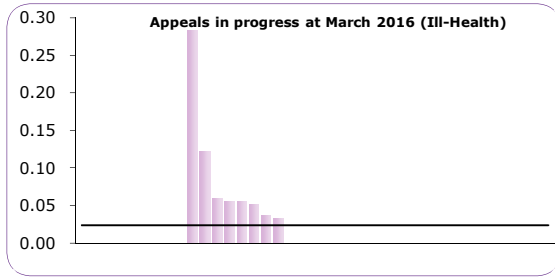
% New contributors this year



Contributors to AVCs and ARCS			
	No.	%	Avg
Currently contributing			
- AVC	849	4.51%	2.64%
- ARC/APC	21	0.11%	0.45%
- Added years	322	1.71%	0.49%
Total	1,192	6.33%	3.47%
New contributors this year			
- AVC	100	0.53%	0.24%
- ARC/APC	6	0.03%	0.37%
Total	106	0.56%	0.54%

Active members
18,837

APPEALS

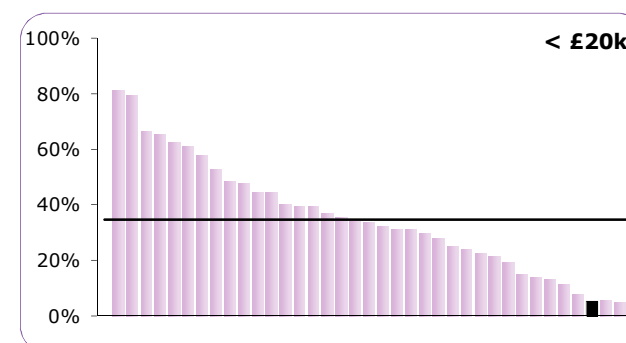
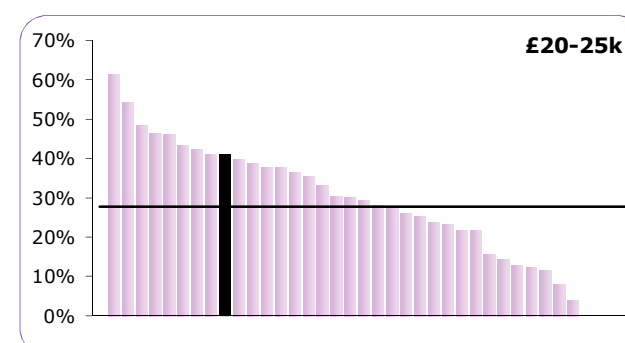
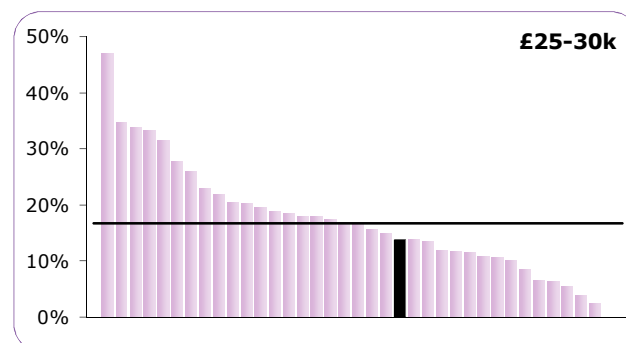
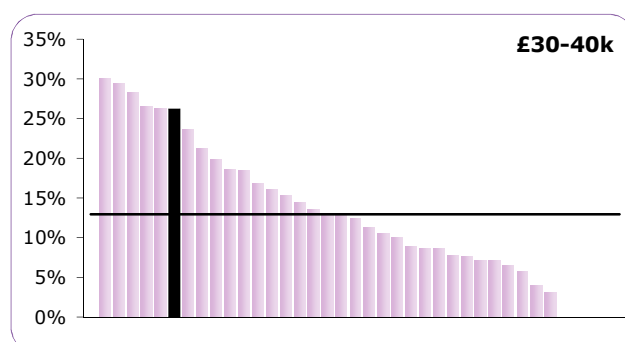
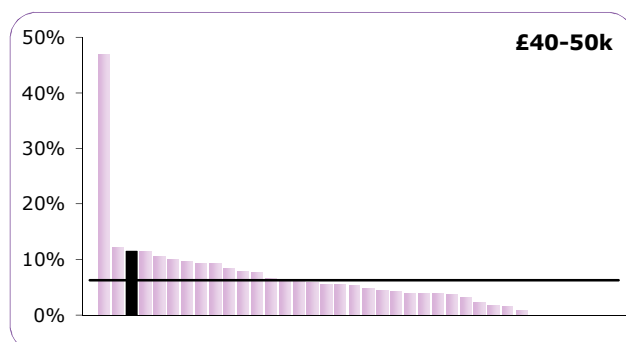
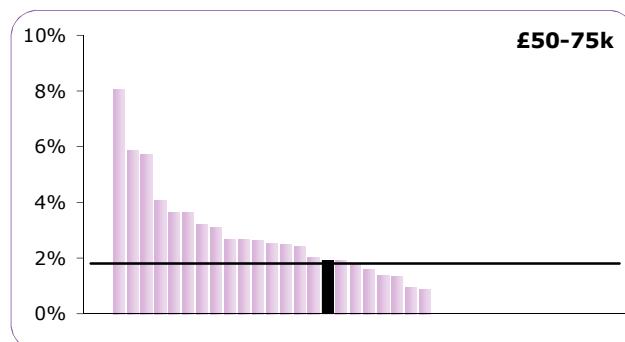
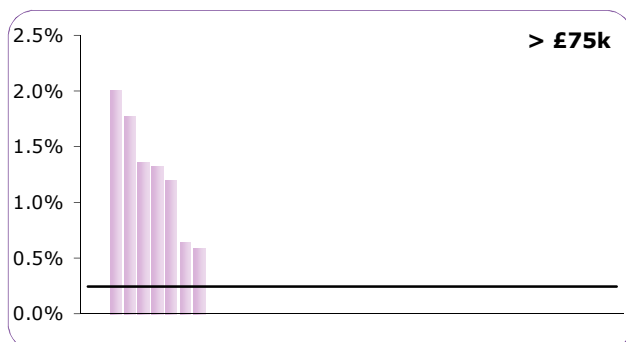


*Club total: This shows the total for all the Benchmarking Club members 2016

Number of appeals	No.	Per '000 members	Avg	Club* total
Ill-Health				
In progress at start of year	0	0.00	0.03	26
In progress at end of year	0	0.00	0.02	35
Non Ill-Health				
In progress at start of year	0	0.00	0.04	32
In progress at end of year	0	0.00	0.03	32
1st Stage				
Appeals in Progress - 03.15	0	0.00	0.03	27
New Appeals in Year	1	0.05	0.14	202
Appeals Withdrawn	0	0.00	0.01	7
Appeals Upheld	0	0.00	0.03	36
Appeals Not Upheld	1	0.05	0.10	162
Appeals in Progress - 03.16	0	0.00	0.03	24
2nd Stage				
Appeals in Progress - 03.15	0	0.00	0.02	16
New Appeals in Year	0	0.00	0.00	80
Appeals Withdrawn	0	0.00	0.00	3
Appeals Upheld	0	0.00	0.02	18
Appeals Not Upheld	0	0.00	0.05	66
Appeals in Progress - 03.16	0	0.00	0.01	4
Ombudsman Referrals				
Appeals in Progress - 03.15	0	0.00	0.01	8
New Appeals in Year	0	0.00	0.01	18
Appeals Withdrawn	0	0.00	0.00	1
Appeals Upheld	0	0.00	0.00	3
Appeals Not Upheld	0	0.00	0.01	10
Appeals in Progress - 03.16	0	0.00	0.01	7

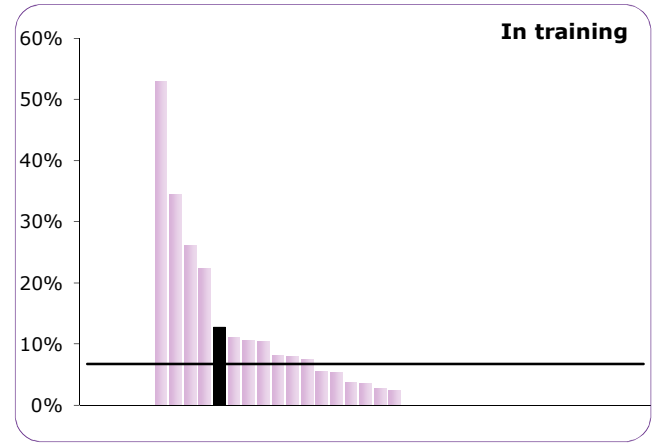
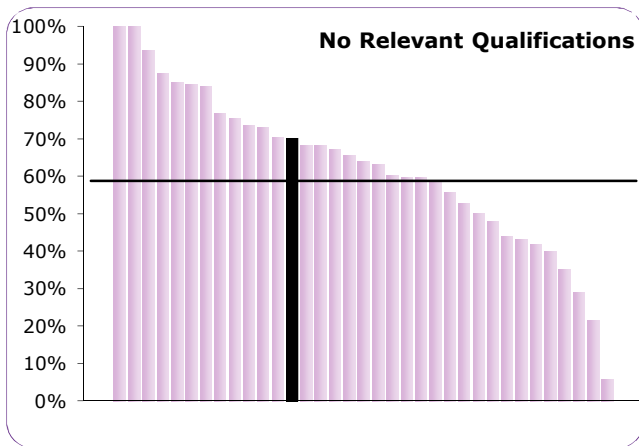
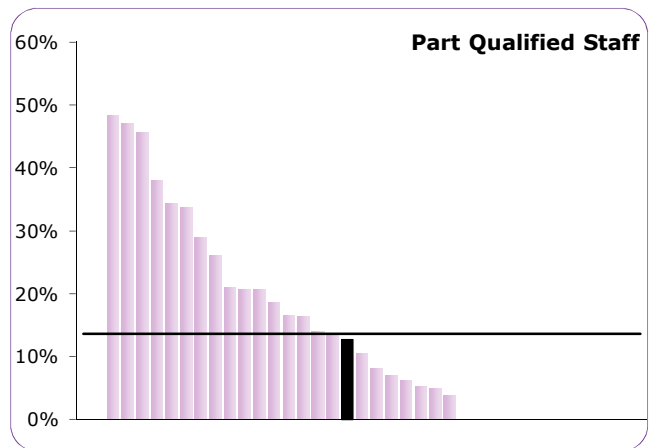
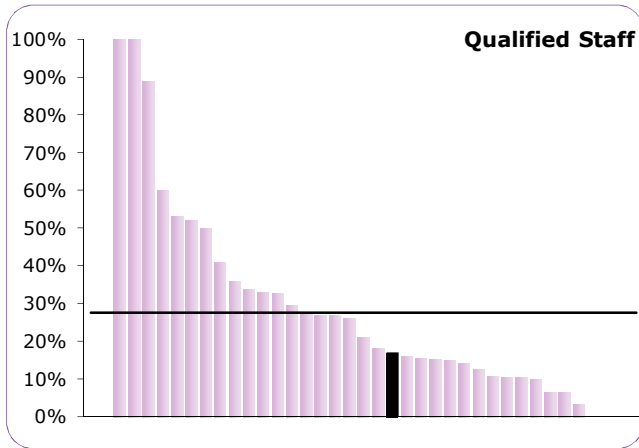
SECTION 4 - STAFF RELATED MEASURES

STAFF PAY



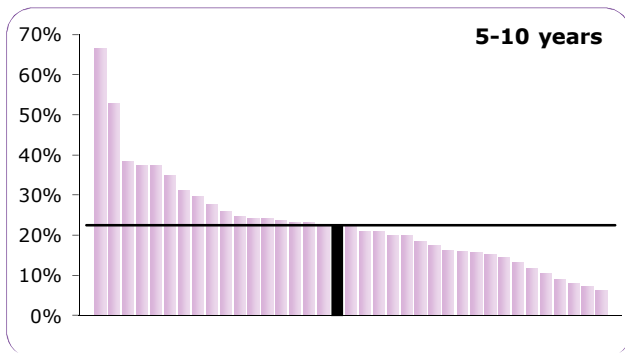
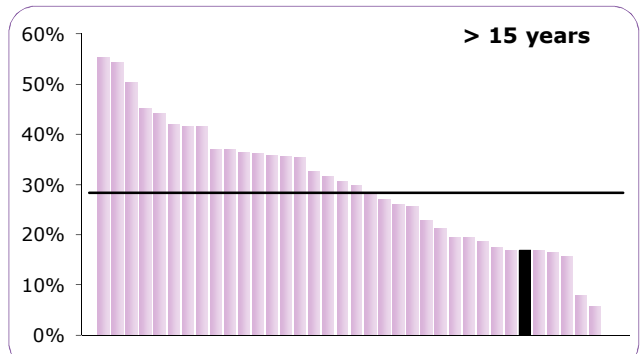
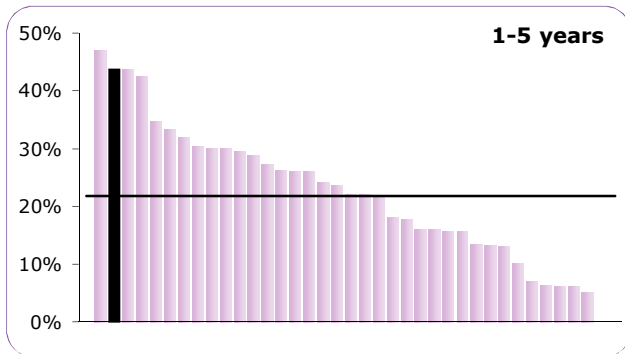
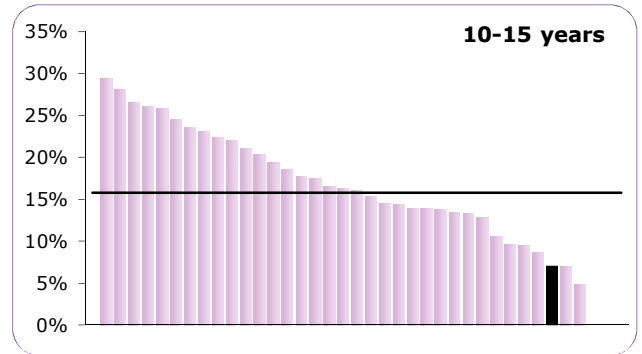
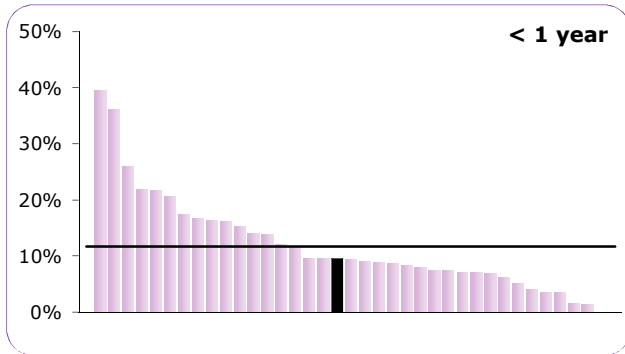
Staff pay			
	FTE	%	Avg
> £75k	0.0	0%	0.2%
£50-75k	0.5	2%	1.8%
£40-50k	2.7	11%	6.2%
£30-40k	6.2	26%	12.9%
£25-30k	3.2	14%	16.7%
£20-25k	9.7	41%	27.6%
< £20k	1.3	5%	34.5%
Total	23.5		

STAFF QUALIFICATIONS



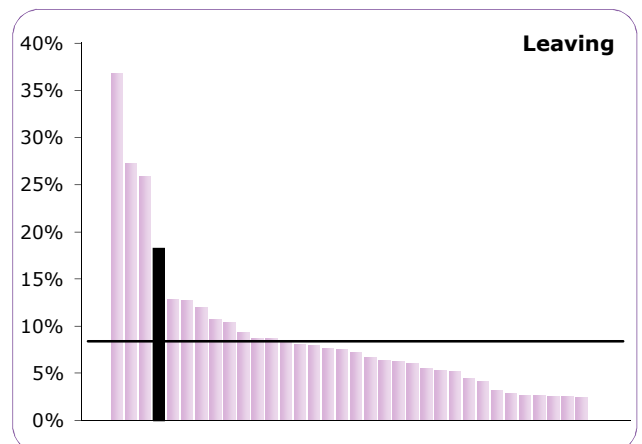
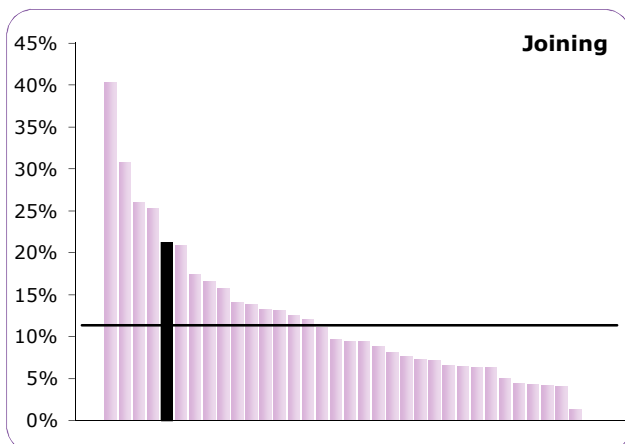
Staff qualifications			
	FTE	%	Avg
Qualified Staff	4.0	17%	28%
Part Qualified Staff	3.0	13%	14%
No Relevant Qualifications	16.5	70%	59%
Total	23.5		
Number in Training	3.0	13%	7%

STAFF PENSIONS EXPERIENCE



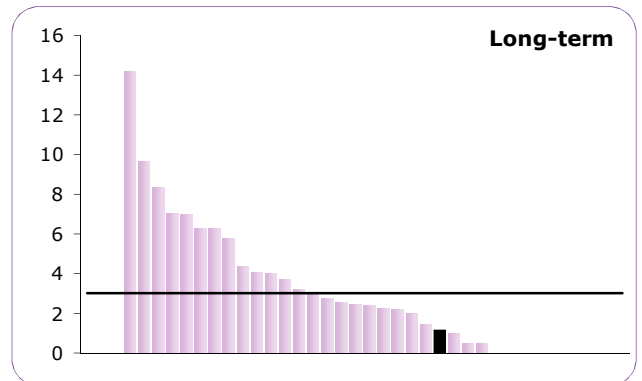
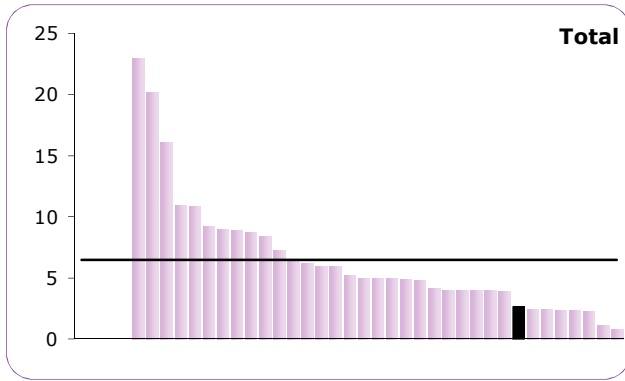
Staff experience			
	FTE	%	Avg
< 1 year	2.3	10%	12%
1-5 years	10.3	44%	22%
5-10 years	5.3	23%	23%
10-15 years	1.7	7%	16%
> 15 years	4.0	17%	28%
Total	23.5		

STAFF TURNOVER



Staff Turnover	FTE	% change	Avg
Staff at 1/4/2015	22.8		
+ Staff joining Pension section	5.0	21.3%	11.4%
- Staff leaving Pension section	4.3	18.3%	8.4%
Staff at 31/3/2016	23.5	3.1%	4.2%

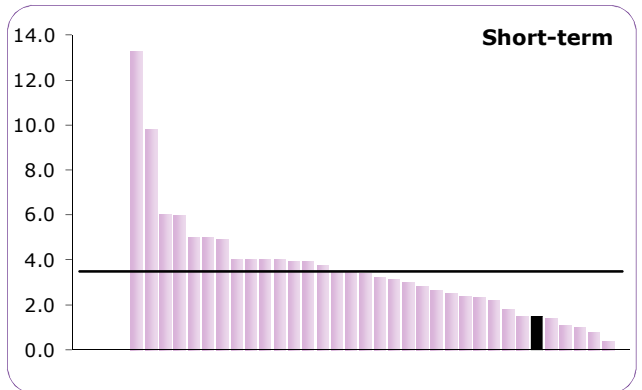
SICKNESS ABSENCE



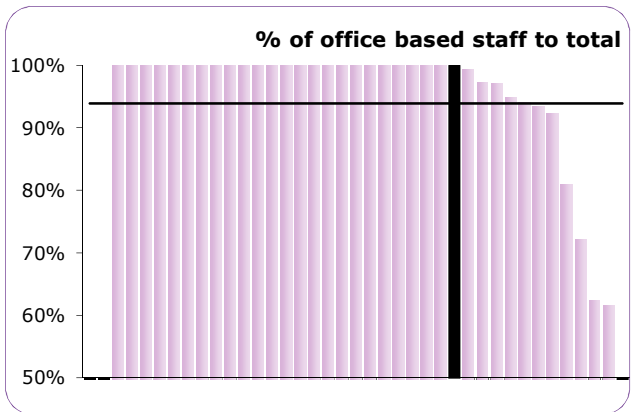
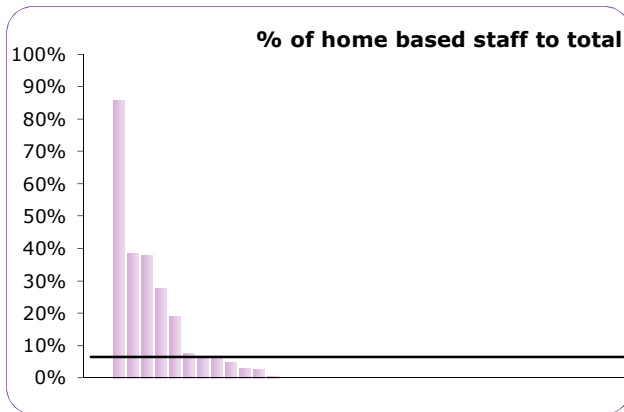
Sickness absence	Days/FTE	Avg
Long-term sickness	1.2	3.0
Short-term sickness	1.5	3.5
Total	2.7	6.5

Long-term sick (periods of sickness over 20 working days)

Short-term sick (periods of sickness of 20 days or less)



STAFF LOCATION

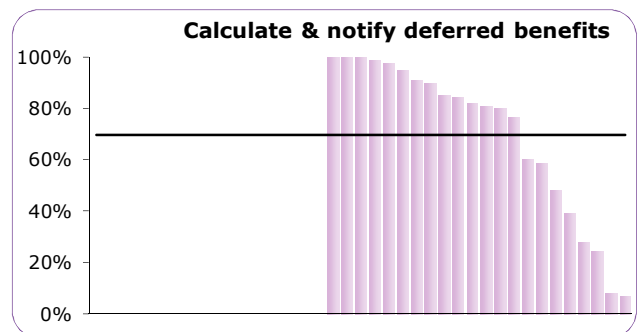
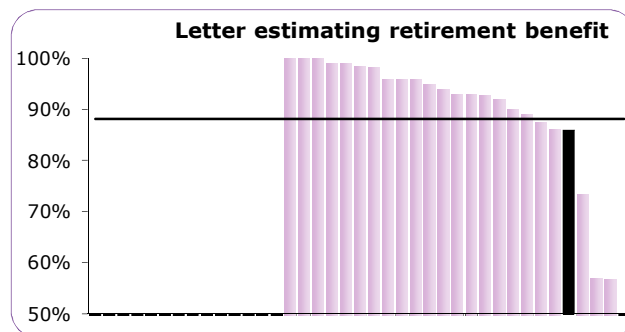
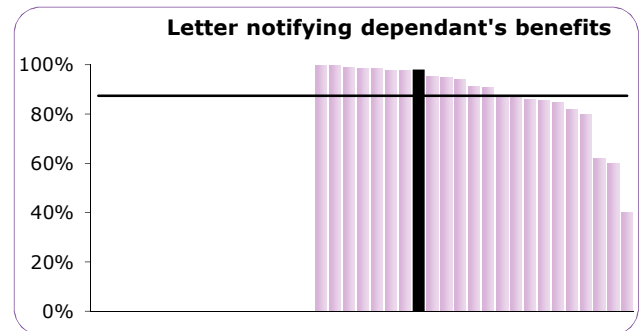
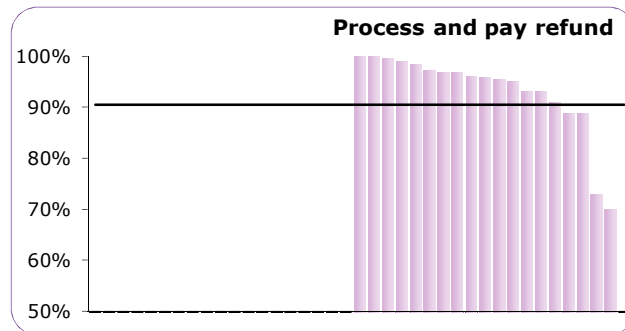
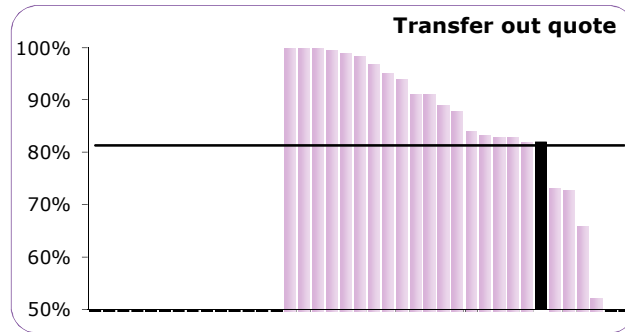
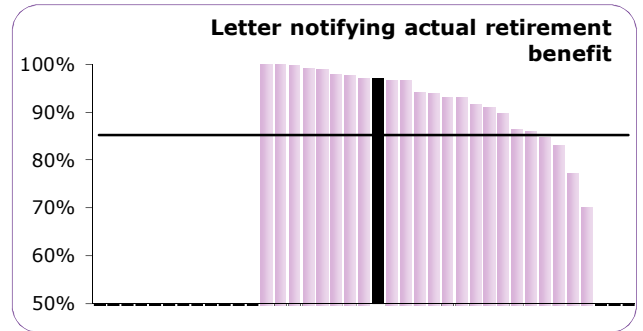
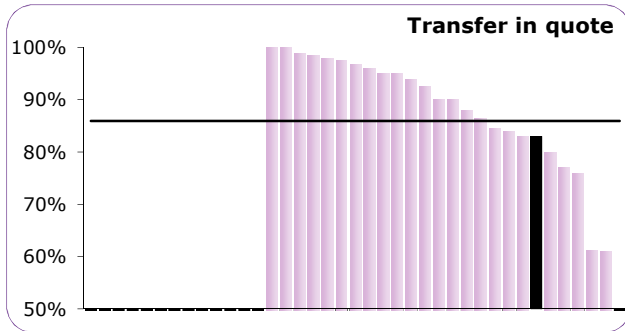


Staff location	FTE	% to total		
		Avg	FTE	Avg
Home based	0.0	2.0	0%	6%
Office based	23.5	35.3	100%	94%
Total	23.5			

Office Based: Staff members who spend >50% of their contracted time working in the office

Home Based: Staff members who spend 50% of their contracted time working from home.

SECTION 5 - INDUSTRY STANDARD PI's



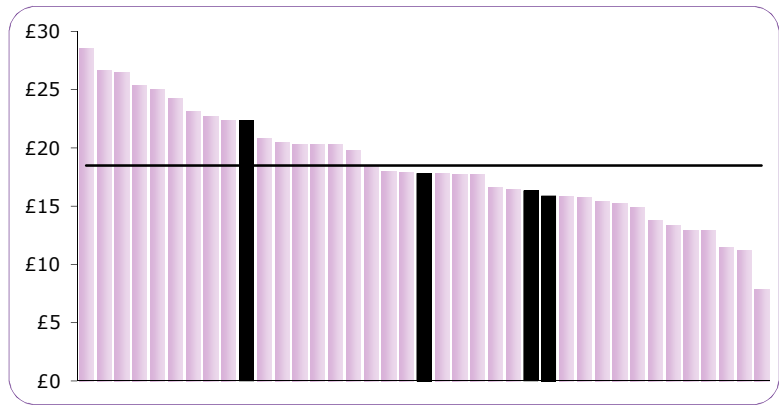
Industry Standard PI's	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	83.0%	86.0%
Letter detailing transfer out quote	10 days	82.0%	81.3%
Process and pay refund	5 days	na	90.5%
Letter notifying estimate of retirement benefit	10 days	86.0%	88.2%
Letter notifying actual retirement benefit	5 days	97.0%	85.2%
Process and pay lump sum retirement grant	5 days	97.0%	85.2%
Letter acknowledging death of member	5 days	99.0%	94.6%
Letter notifying amount of dependant's benefits	5 days	98.0%	87.4%
Calculate and notify deferred benefits	10 days	na	69.8%

SECTION 6 - COMPARISON BY METHOD OF SERVICE DELIVERY

COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

Total members with data:	40
Outsourced members:	4

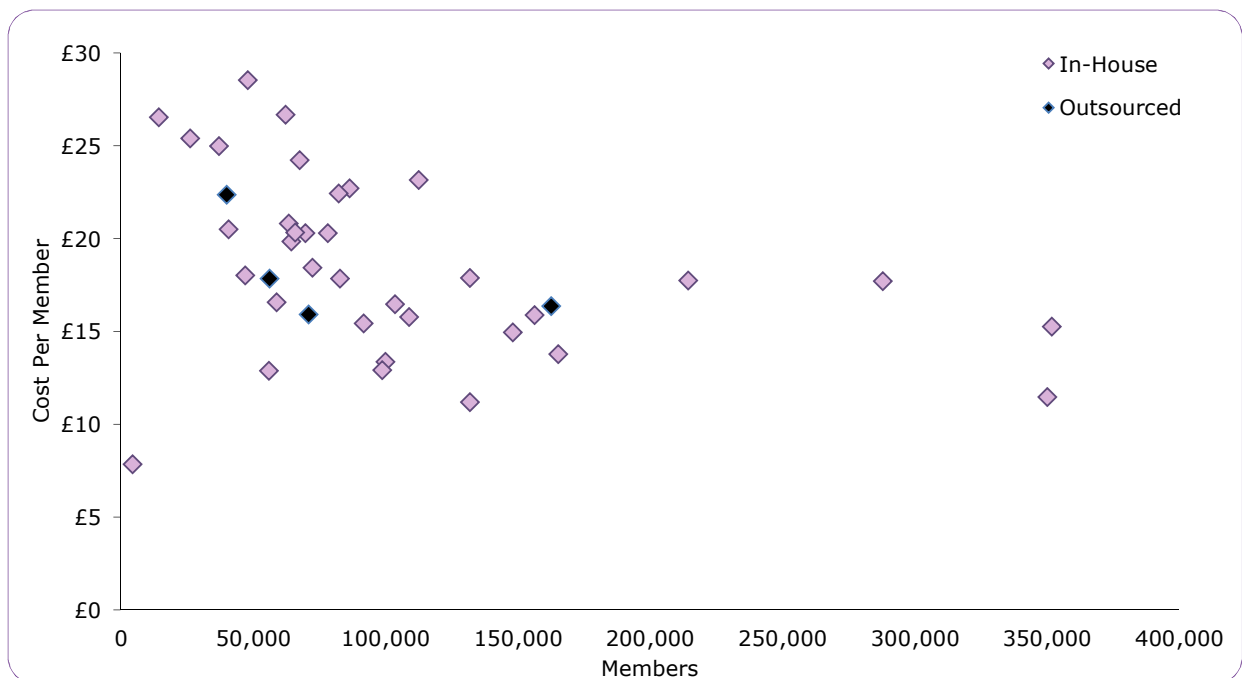
LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



Black bars show outsourced members

	Cost	Members	Cost per Member
Northamptonshire	£1,279	64,442	£19.85
Club average	£1,754	102,775	£18.48
Outsourced average	£1,419	82,297	£18.12
In-house average	£1,793	105,115	£18.52

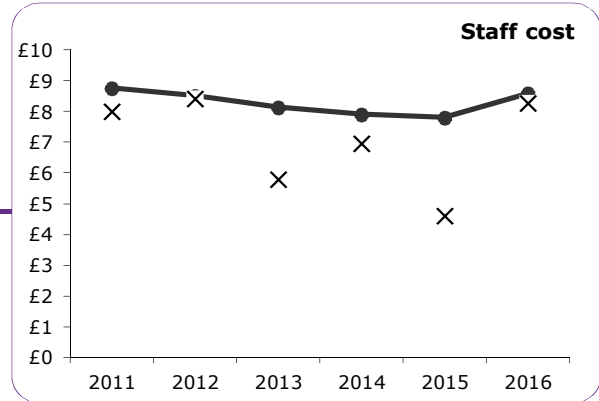
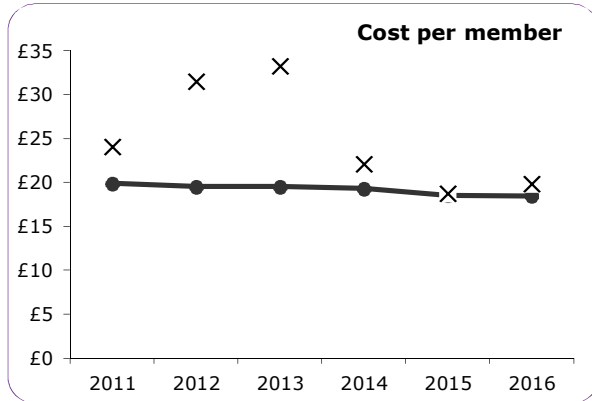
COST PER MEMBER COMPARED WITH NUMBER OF MEMBERS





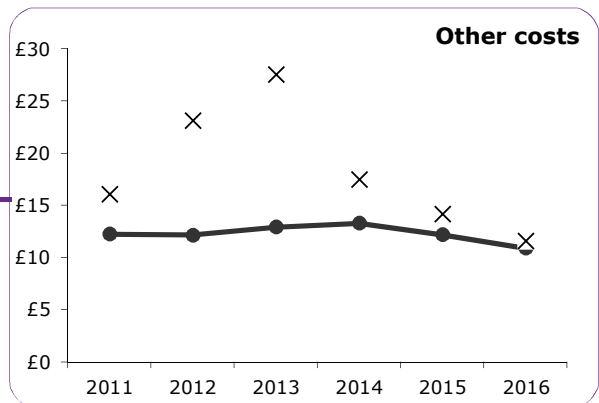
SECTION 7 - TIMESERIES

The 2016 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2015 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



KEY:
 Club average
 Northamptonshire



Time series analysis						
	2011	2012	2013	2014	2015	2016
Members	50,337	51,632	53,889	53,376	60,522	64,442
Net cost (£'000)	1,211k	1,626k	1,792k	1,181k	1,135k	1,279k
Cost per member	£24.07	£31.49	£33.25	£22.13	£18.75	£19.85
Average	£19.87	£19.51	£19.52	£19.31	£18.52	£18.48
Staff cost	£8.01	£8.43	£5.81	£6.97	£4.61	£8.27
Average	£8.76	£8.51	£8.14	£7.91	£7.80	£8.58
Other costs	£16.06	£23.07	£27.50	£17.46	£14.14	£11.58
Average	£12.25	£12.13	£12.92	£13.27	£12.18	£10.88

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www.cipfa.org/services/benchmarking

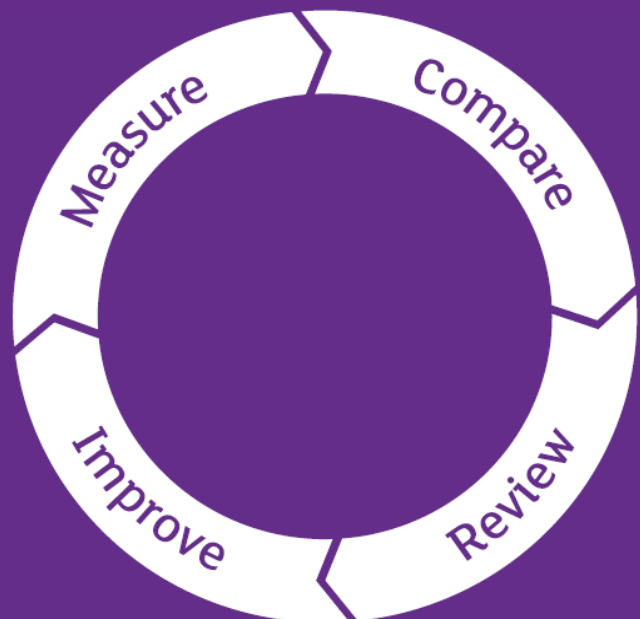
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E: customerliaison@cipfa.org T: 020 7543 5600



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Registered office:

CIPFA Business Limited, 77 Mansell Street, London E1 8AN

T: 020 7543 5600 F: 020 7543 5700

www.cipfa.org

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LOCAL PENSION BOARD**23 January 2017****Report by: THE HEAD OF PENSIONS**

Subject:	The Pensions Regulator's Public Service Pension Scheme Compliance Assessment Tool
Purpose of the Report	To inform the Local Pension Board of the extent of compliance with the Pensions Regulator's Code of Practice and actions necessary to achieve full compliance.
Recommendations	That the Local Pension Board notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Tel: 01604 367030 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The Public Service Pension Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided an extended regulatory oversight by the Pensions Regulator.
- 1.2 The Pensions Regulator is required to issue one or more codes of practice covering specific matters relating to public service pension schemes. Code number 14 (governance and administration of public service pension schemes) came into legal effect on 1 April 2015 and sets out the legal requirements for public service pension schemes in respect of these matters. The code also contains practical guidance and standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.
- 1.3 If scheme managers and the members of pension boards as well as pension committees are, for any reason, unable to act in accordance with the guidance within the code of practice or an alternative approach that meets the underlying requirements, they should consider their statutory duty under section 70 of the Pensions Act 2004 to assess and report breaches of the law.

- 1.4 The Pensions Regulator expects all schemes to carry out a thorough review of their schemes legal requirements and the guidance in the code of practice. The Pensions Regulator understands that this is a significant piece of work and has produced a tool which sets out some processes and actions that they expect to see in a well-run scheme.
- 1.5 The tool provides an indicative risk rating as well as guidance and links to further information and a template to create a plan to address any issues identified to help achieve best practice.
- 1.6 An assessment of Northamptonshire Pension Fund’s compliance with the code of practice has been undertaken and the results of which can be found in appendix one.
- 1.7 Section two of this report details where full compliance has not yet been achieved and section three details the steps required and associated timescales to achieve full compliance.

2. Results of the compliance assessment

- 2.1 The Pensions Regulator’s compliance assessment tool looks at three key areas:
- Governing the scheme;
 - Managing risks and issues; and
 - Administration
- 2.2 Upon completing the self-assessment tool, the Northamptonshire Pension Fund was compliant to the following extent:

Area	Extent of compliance / Risk Rating
Governing the scheme	86% (6 out of 7 areas achieving full compliance) / Amber
Managing risks and issues	80% (4 out of 5 areas achieving full compliance) / Amber
Administration	60% (3 out of 5 areas achieving full compliance) / Amber

3. Governing the scheme

- 3.1 The only area that the Northamptonshire Pension Fund was not completely compliant in the section on scheme governance was with the use of training plans for members of the Local Pension Board (and Pension Committee).
- 3.2 The code of practice requires board members (and pension committee members) to have an appropriate degree of knowledge and understanding so they can perform their role properly. Members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses and invest sufficient time in their learning and development. The Pensions Regulator draws attention to the use of individual training plans.
- 3.3 In order to achieve full compliance in this area, LGSS Pensions have produced a revised training strategy that is to be approved by Local Pension Board members at

this meeting. The revised training strategy, in particular section 6.2, sets out the intended approach to the use of training plans.

4. Managing risks and issues

- 4.1 In order to achieve full compliance in this area, Northamptonshire Pension Fund needs to be able to fully demonstrate that where services are outsourced that those outsourced providers demonstrate that they have internal controls in place.
- 4.2 The code of practice requires the scheme manager to establish and operate internal controls via use of documented systems, arrangements and procedures to ensure the scheme is run in accordance with legal requirements. This applies equally where schemes outsource services such as pensioner payroll provision in the case of Northamptonshire Pension Fund.
- 4.3. In order to achieve full compliance in this area, LGSS are in the process of producing a service level agreement for internal traded services which will cover the provision of pensioner payroll services which are currently undertaken by LGSS Payroll and HR Transactions. Further information on this service level agreement will be presented to the Local Pension Board in due course.

5. Administration

- 5.1 In order to achieve full compliance with the code of practice in the area of administration, three aspects require further development.
- 5.2 The first area where only partial compliance has been achieved is ensuring that there are documented processes in place to monitor scheme records for all membership types on an ongoing basis and that they are accurate and complete.
 - 5.2.1 The code of practice requires scheme managers to ensure that certain data is complete and accurate in respect of active, deferred, pensioner members and beneficiaries.
 - 5.2.2 Northamptonshire Pension Fund falls short of full compliance in this area as there are currently no formal documented record keeping policy or procedures for all types of members and beneficiaries.
 - 5.2.3 LGSS Pensions have developed and are operating a variety of processes and procedures to ensure accurate and fully complete membership records. These procedures and processes range from and are not limited to the following:
 - Whilst undertaking an activity on members records (such as an estimate of retirement benefits or change of personal details) the record is checked to ensure all relevant data is present and accurate.
 - Employer Self Service is available for scheme employers to check and update information held on their scheme members. In addition, all employers are sent a cut of data each year on their scheme members to check that all information remains current and to make changes via Employer Self Service where appropriate.

- To ensure the accuracy of year end information supplied by scheme employers for use in the production of annual benefit statements, a macro-enabled excel workbook is sent to employers to capture and submit only accurate and consistent information.
 - Membership data is also checked for accuracy when submitted to the actuary for calculation of contribution rates for new employers or for triennial valuations.
- 5.2.4 To achieve full compliance in this area LGSS Pensions will produce an overarching record keeping policy that details all the processes and procedures undertaken to ensure member records are kept up to date and accurate.
- 5.2.5 It is anticipated that the record keeping policy will be presented to the Local Pension Board in October 2017.
- 5.3 The second area of only partial compliance is with ensuring that there are fully documented controls in place that ensure scheme employers provide timely, accurate and complete data.
- 5.3.1 The code of practice requires scheme managers to keep records of specific member data of which most will come from scheme employers. Schemes should therefore ensure that employers have processes in place to provide the right data at the right time and in the required format.
- 5.3.2 LGSS Pensions are in the process of reviewing the Fund's administration strategy which is a document that sets out the standards of administrative performance for both the scheme and the scheme employers. It is proposed that the revised administration strategy will include enforceable financial penalties for consistent poor performance on the submission of accurate and timely data relating to scheme members. The administration strategy is supported by the existing payment of employee and employer pension contributions policy which provides a formal process for reporting late payment of pension contributions which are felt to be of material concern to the Pensions Regulator.
- 5.3.3 The administration strategy will be presented to the Local Pension Board for comments in April 2017 before it is presented to the Pension Committee for approval in June 2017 after which it will be subject to a 30 day consultation with scheme employers.
- 5.4 The final area where only partial compliance has been achieved is concerned with the production of a formally documented improvement plan to address any identified poor quality or missing data.
- 5.4.1 The code of practice requires schemes to continually review data and carry out a data review exercise at least once a year and ensure the necessary steps are taken to resolve any issues identified. The Pensions Regulator expects schemes to produce a fully documented data improvement plan to address issues of poor quality and missing data. The data improvement plan must contain specific data improvement measures that can be monitored and an end date within a reasonable timeframe by when complete and accurate data will be achieved.
- 5.4.2 LGSS Pensions are always working to improve the quality of incoming and existing data and in the last year made significant progress through the various methods

described in section 5.2.3 of this report and other undocumented activities. For instance, the process of transferring the pensioner payroll from Oracle to Altair included a large amount of data cleansing and the ongoing project to reconcile pensioner payroll data to administration data and guaranteed minimum pension held by the scheme and HMRC will continue to see further enhancements to the quality of the schemes data.

5.4.3 In order to achieve full compliance in this area a formal data improvement plan is to be produced to address all areas where data quality can be improved and to incorporate the actions already being undertaken.

5.4.4 It is proposed that the data improvement plan will be presented to the Local Pension Board for comments in October 2017.

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>
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>

7. Finance & Resources Implications

7.1 Not applicable

8. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report		Green

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

Risk	Risk Rating
This report does not contain a proposal. However, failing to comply with the Pensions Regulator's code of practice may result in a poorly run scheme which does not deliver timely and positive outcomes for its members.	Red

9. Communication Implications

Website	All policies mentioned in this report will be made publically available via the LGSS Pensions website.
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10. Legal Implications

10.1 There are no legal implications connected to the contents of this report.

11. Consultation with Key Advisers

11.1 There has been no requirement to consult with advisers over the content of this report.

12. Alternative Options Considered

12.1 There are no alternative options to be considered.

13. Background Papers

13.1 The Pensions Regulator's Code of Practice No. 14 can be found at the following link:

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

14. Appendices

Appendix 1: The Pensions Regulator's self-assessment tool results

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 Head of Pensions?	Mark Whitby – 04/01/2017

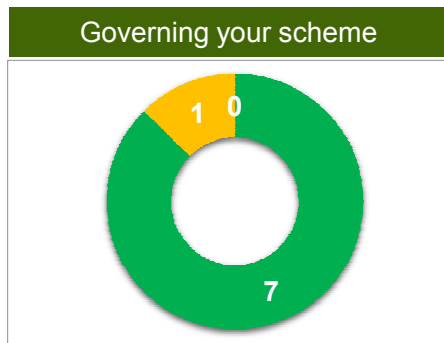
Results

Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

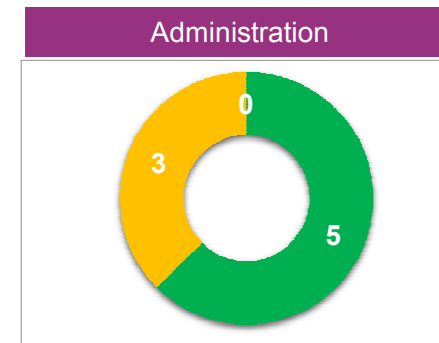
A summary of your results



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**

Results - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?		
Your Answer:	Yes	Green
Feedback:	<p>You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails.</p> <p>You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.</p>	
Question 2 - Have you published information about the pension board and ensured it is kept up to date?		
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	Green
Feedback:	<p>Our code of practice sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete.</p> <p>You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information is on our website.</p>	
Useful Links:	<p>Code of Practice 14: Publishing information about schemes</p> <p>Website: Publishing scheme information</p>	

Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

Your Answer:	Yes	Green
Feedback:	<p>Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place.</p> <p>You should keep your processes under regular review to ensure they remain effective and fit for purpose.</p>	
Useful Links:	Code of Practice 14: Knowledge and understanding required by pension board members	

Question 4 - Do you use the following for your pension board?

a) Training Plans

Your Answer:	No	Amber
Feedback:	<p>Board members must have the required knowledge and understanding so they can perform their role properly. They should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development.</p> <p>You should consider the use of a pension board training plan or individual training plans. Many schemes use pension board training plans. Individual training plans enable an even more bespoke approach, which reflects the different training needs of each member.</p> <p>Further information is in our code and our quick guide to personal development.</p>	

b) Individual training needs analysis		
Your Answer:	Yes	Green
Feedback:	<p>Using individual training needs analysis can help board members identify specific individual training needs.</p> <p>Training is an important part of the pension board members' role and they should invest sufficient time in their learning and development alongside their other responsibilities and duties. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
c) Training log		
Your Answer:	Yes	Green
Feedback:	<p>Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements.</p> <p>You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
Useful Links:	<p>Code of Practice 14: Knowledge and understanding required by pension board members</p> <p>Quick guide to personal development</p> <p>Template: Assessing your Learning Needs</p>	

Question 5 - Do you have a conflicts policy and procedure for pension board members?		
Your Answer:	Yes	Green
Feedback:	<p>Nine in ten public service schemes have put conflicts policies and procedures in place for board members. These help identify, monitor and manage any interests that have the potential to become conflicts.</p> <p>You should review the policy and procedures regularly to ensure they remain fit for purpose.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Question 6 - Do you have a register of interests (or equivalent)?		
Your Answer:	Yes	Green
Feedback:	<p>A register is a simple and effective way of recording and monitoring interests.</p> <p>Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Results - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?		
Your Answer:	Yes	Green
Feedback:	<p>You should review your processes regularly to ensure they remain effective and fit for purpose. Seven in ten public service schemes aim to review the effectiveness of their risk management and internal controls systems at least annually. Our code provides practical guidance on risk management to consider in your review.</p>	
Useful Links:	<p>Code of Practice 14: Managing risks Checklist: Internal Controls</p>	

Question 2 - Do you have a risk register?		
Your Answer:	Yes	Green
Feedback:	<p>You should review risks regularly. Three in five public service schemes assess risks at least every quarter.</p> <p>The risk register, and any other internal controls you put in place, should be kept under review to ensure that they remain effective and fit for purpose.</p>	
Useful Links:	<p>Code of Practice 14: Managing risks Example Risk Register</p>	

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

Your Answer:	In progress	Amber
Feedback:	<p>The scheme manager must establish and operate internal controls: systems, arrangements and procedures that are put in place to ensure the scheme is run in accordance with legal requirements. This applies equally where schemes outsource services.</p> <p>Nine in ten public service schemes ensure outsourced service providers demonstrate that they have adequate internal controls in place. You should ask providers to demonstrate this in tenders for delivering services, and incorporate these requirements in your contracts.</p> <p>Our code provides further guidance on internal controls.</p>	
Useful Links:	Code of Practice 14: Managing risks	

Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?

Your Answer:	Yes	Green
Feedback:	<p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered.</p> <p>You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements.</p> <p>You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>	
Useful Links:	Code of Practice 14: Managing risks	

Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?

Your Answer:	Yes	Green
Feedback:	<p>You should consider using a variety of ways to communicate your arrangements to members, for example in joining booklets, benefit letters or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website, as some public service schemes do.</p> <p>You should ensure that the effectiveness of the arrangements is assessed regularly. Further information on internal dispute resolution is available in our code.</p>	
Useful Links:	Code of Practice 14: Internal dispute resolution	

Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?

Your Answer:	Yes	Green
Feedback:	<p>You should review your procedures regularly so they remain effective and fit for purpose. Some pension boards have made breach monitoring a standing agenda item, where they review all breaches (whether significantly material or not) to track progress and ensure issues are addressed.</p> <p>If a breach does occur and you think it is of material significance to us, you should report it to us as soon as possible. Don't wait for the issue to be resolved. Our code details information you should include in a report.</p>	
Useful Links:	Code of Practice 14: Reporting breaches of the law	

Results - Administration

Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?		
Your Answer:	Yes	Green
Feedback:	<p>You must provide us with certain information and keep this information up to date, and complete a scheme return when asked.</p> <p>To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal Exchange and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.</p>	
Useful Links:	Website: Reporting requirements Exchange	

Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?		
Your Answer:	In progress	Amber
Feedback:	<p>Scheme managers must ensure that certain data is complete and accurate. This applies equally in respect of active, deferred, pensioner members and beneficiaries. Failure to maintain complete and accurate records can affect your ability to carry out basic functions.</p> <p>Four in five schemes have put in place record-keeping policies and procedures for all types of members and beneficiaries. You should establish or review your record-keeping processes immediately. Guidance can be found in our code and on our website.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?

Your Answer:	In development	Amber
Feedback:	<p>Scheme managers must keep records of specific member data. Most of this information will come from your employer(s) so you should ensure that employers have processes in place to provide you with the right data at the right time and in the right format. Poor data can create significant issues, even in single employer schemes.</p> <p>Some schemes provide specific training to employers on data requirements. Further information can be found in our code and our guide to issuing annual benefit statements.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Quick guide to issuing annual benefit statements	

Question 4 - When did you last carry out a data review exercise?

Your Answer:	Within the last year	Green
Feedback:	<p>You should continue to carry out a data review at least annually. Data records should be additionally reviewed and cleansed when you change administrator or administration system/platform.</p> <p>Further information on record-keeping can be found in our code and on our website.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

Your Answer:	In development	Amber
Feedback:	<p>You should continually review your data and carry out a data review exercise at least once a year. You should then ensure the necessary steps are taken to resolve any issues identified.</p> <p>A data improvement plan is a key tool we expect schemes to use to address issues of poor quality or missing data. Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.</p>	

Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

Your Answer:	Yes	Green
Feedback:	<p>You should review your processes regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and our Managing contributions checklist.</p>	
Useful Links:	<p>Code of practice 14: Maintaining contributions Checklist: Managing contributions</p>	

Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

Your Answer:	Yes	Green
Feedback:	<p>You should proactively address issues that arose in the previous year and ensure remedial work is completed before the next cycle. You should also consider reporting on the lessons learnt, for example to the pension board, employers or members.</p> <p>Some best practice examples to consider for future reviews are included in our guide to issuing annual benefit statements.</p>	
Useful Links:	Quick guide to issuing annual benefit statements	

Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?

Your Answer:	Yes	Green
Feedback:	<p>You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways - by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>	

NORTHAMPTONSHIRE PENSION FUND



LOCAL PENSION BOARD

23 January 2017

Report by: THE HEAD OF PENSIONS

Subject:	Northamptonshire Pension Fund Training Strategy 2016.
Purpose of the Report	To present the Northamptonshire Pension Fund Training Strategy to members of the Board.
Recommendations	The Board are asked to approve the attached Northamptonshire Pension Fund Training Strategy located in the appendix to this report.
Enquiries to:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 The Training Policy is required to assist the Local Pension Board in performing and developing their individual role with the ultimate aim of ensuring that Northamptonshire 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.
- 1.2 The current Knowledge Management Policy was previously agreed at the October 2015 meeting.
- 1.3 It is now deemed an appropriate time to review the existing Policy to ensure it is fit for purpose and is compliant with the Pensions Regulator's expectations under the Code of Practice 14: Governance and administration of public service pension schemes and also the CIPFA guidance on the knowledge and skills required of Committee and Board members.
- 1.4 A proposed new strategy incorporating the Pensions Regulator and CIPFA requirements has been drafted by Officers and can be found in appendix 1.

2. CIPFA Pensions Finance Knowledge and Skills Framework

- 2.1 The objective of the CIPFA Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by officers and advisers.

- 2.2 CIPFA subsequently extended the framework to cover the training and development of Local Pension Board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a Local Pension Board and assist Local Pension Board members in achieving the degree of knowledge appropriate for the purposes of enabling members to properly exercise their functions.
- 2.3 The Public Service Pensions Act 2013 has also amended The Pensions Act 2004 requiring the Pensions Regulator to issue a Code of Practice relating to the requirements of the knowledge and understanding of Local Pension Boards.
- 2.4 The Framework identifies the following areas as being key to the understanding of local pension board members;
- Pensions Legislation;
 - Public Sector Pensions Governance;
 - Pensions Administration;
 - Pensions Accounting and Auditing Standards;
 - Pensions Services Procurement and Relationship Management;
 - Investment Performance and Risk Management;
 - Financial markets and product knowledge;
 - Actuarial methods, standards and practices.

3. The Pension Regulator's Code of Practice

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

4. Northamptonshire Pension Fund Training Strategy for Pension Board Members

- 4.1 The Northamptonshire Pension Fund Training Strategy incorporates both the best practice as identified by the CIPFA Technical Knowledge and Skills Framework and the requirements of the Pensions Regulator.
- 4.2 The Strategy also recognises the requirement that skills and knowledge in the remit of a Local Pension Board must be on an individual not collective basis. As such self-assessments will identify individual training needs following which appropriate training will be arranged.
- 4.3 The Strategy sets out the methods by which the members of the Local Pension Board will achieve and maintain the required knowledge and understanding and how this will be measured on an ongoing basis.

5. Revisions made to the current Knowledge Management Policy

- 5.1 The revised strategy is relevant for members of the Pensions Committee, members of the Local Pension Board and Officers of the Fund. The joint strategy will ensure a streamlined and consistent approach to the development of those charged with the

governance of the Fund.

- 5.2 The accumulation of credits has been defined and provides guidelines on how many credits will be accredited for each particular method of training.
- 5.3 A scorecard will also be introduced as a tool for recording and monitoring each individuals training target and progress against the target to ensure compliance. This will be available to members upon request and will be available to the Chairman.

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.
- 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.
- 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.
- Continually monitor and measure clearly articulated objectives through business planning.
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

7. Finance & Resources Implications

- 7.1 Consideration will be given to various training resources available in delivering required training to members of the Local Pension Board and in the most efficient manner.

8. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Insufficient resources being available to deliver or arrange the required training	Officers will monitor these risks and will act accordingly in the best interest of the Fund in conjunction with the Chairman of the Northamptonshire Pension Committee/ Chairman of the Local Pension Board or Full Council where appropriate.	Amber
The quality of advice or training provided is not to an acceptable standard		Amber
Changes in membership potentially diminishing knowledge and understanding		Amber
Poor attendance at training and/or formal meetings resulting in poor standard of knowledge accrual and maintenance of knowledge		Amber

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

Risk	Risk Rating
If the policy is not approved or enacted non-compliance with the Pension Regulator’s Code of Practice and Section 248A of The Pensions Act 2004 may result.	Red

9. Communication Implications

Website	The Knowledge Management Policy will be published on the LGSS Pensions Service website.
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10. Legal Implications

10.1 Not applicable

11 Consultation with Key Advisers

11.1 Hymans Robertson, the Fund’s Benefits and Governance Adviser from were consulted in the drafting of this policy.

12. Alternative Options Considered

12.1 Not applicable

13. Background Papers

13.1 Not applicable

14. Appendices

Appendix 1: Northamptonshire Pension Fund Training Strategy 2016

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 Deputy Head of Pensions?	Mark Whitby – 3 January 2017

Northamptonshire Pension Fund

Training Strategy

2016

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1. Introduction

- 1.1 This is the training strategy for the Northamptonshire Pension Fund.
- 1.2 The training strategy is established to aid the Pension Committee and Local Pension Board members in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. A Code of Practice and a Knowledge and Skills Framework have been developed by CIPFA which Local Government Pension Scheme (LGPS) funds are expected to sign up to.
- 1.3 The objective of the CIPFA Knowledge and Skills Framework is to determine and set out the knowledge and skills sufficient to enable the effective analysis and challenge of decisions made by officers and advisers to the Pensions Committee.
- 1.4 CIPFA subsequently extended the framework to cover the training and development of Local Pension Board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a Local Pension Board and assist Local Pension Board members in achieving the degree of knowledge appropriate for the purposes of enabling members to properly exercise their functions.
- 1.5 The Public Service Pensions Act 2013 has also amended The Pensions Act 2004 requiring the Pensions Regulator to issue a Code of Practice relating to the requirements of the knowledge and understanding of Local Pension Boards.
- 1.6 Guidance covering the knowledge and understanding of Local Pension Boards in the LGPS was also issued by the Scheme Advisory Board (SAB) in January 2015. Although this has not been designated as statutory guidance it should be acknowledged as best practice.
- 1.7 The training necessary to achieve the additional knowledge and skills will be set out in the appropriate training plan(s) and assessed and recorded.

2. Purpose of the Strategy

2.1 Strategy Objectives

- 2.1.1 The Northamptonshire Pension Fund objectives relating to knowledge and skills are to:
 - Ensure the Northamptonshire Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
 - Ensure the Northamptonshire Pension Fund is effectively governed and administered; and

- Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Communities and Local Government

2.1.2 To achieve these objectives –

2.1.3 Members of the Pension Committee require an understanding of:

- Their responsibilities as delegated to them by Northamptonshire County Council as an administering authority of an LGPS fund;
- The fundamental requirements relating to pension fund investments;
- The operation and administration of the Northamptonshire Pension Fund;
- Controlling and monitoring the funding level; and
- Effective decisions in the management of the Northamptonshire Pension Fund.

2.1.4 Local Pension Board members must be conversant with –

- The relevant LGPS Regulations and any other regulations governing the LGPS;
 - Any document recording policy about the administration of the Northamptonshire Pension Fund;
- and have knowledge and understanding of:
- The law relating to pensions; and
 - Such other matters as may be prescribed.

2.1.5 To assist in achieving these objectives, the Northamptonshire Pension Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework and Code of Practice to meet the skill set within that Framework. Attention will also be given to the guidance issued by the Scheme Advisory Board, the Pensions Regulator and guidance issued by the Secretary of State. So far as is possible, targeted training will also be provided that is timely and directly relevant to the Pension Committee's and the Local Pension Board's activities as set out in the Fund Business Plan. For example, funding training will be given immediately preceding the meeting that discusses the Funding Strategy Statement.

2.1.6 In addition to the Pension Committee and Local Pension Board members, all those with decision making responsibility in relation to LGPS will:

- have their knowledge measured and assessed;
- receive appropriate training to fill any knowledge gaps identified; and
- seek to maintain their knowledge.

2.2 How the strategy meets Northamptonshire Pension Fund Objectives

2.2.1 The strategy meets the following objectives of the Northamptonshire Pension Fund as set out in the Business Plan and Medium Term Strategy -

- 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;
- 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;
- 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;
- Continually monitor and measure clearly articulated objectives through business planning; and
- Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate

3. Effective date

3.1 This strategy was approved by the Local Pension Board on XX and is effective from XX.

4. Review

4.1 This strategy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

5.1 This policy applies to -

- members of the Pension Committee;
- members of the Local Pension Board; and
- officers of the Fund

6. Delivery of Training

6.1 Training Resources

6.1.1 Consideration will be given to various training resources available in delivering training to the Pension Committee and Local Pension Board members. These may include but are not restricted to:

For Pension Committee and Local Pension Board Members	For Officers
<ul style="list-style-type: none"> • In-house – shared training events where possible • Self-improvement and familiarisation with regulations and documents • The Pension Regulator’s e-learning programme • Attending courses, seminars and external events • Internally developed training days and pre/post meeting sessions • Shared training with other funds or frameworks • Regular updates from officers and/or advisers • Circulated reading material 	<ul style="list-style-type: none"> • Desktop / work based training • Attending courses, seminars and external events • Training for qualifications from recognised professional bodies (e.g. CIPFA, CIPP, PMI) • Internally developed sessions • Shared training with other funds or frameworks • Circulated reading material

6.2 Training Plans

6.2.1 To be effective, training must be recognised as a continual process and will be centred on 3 key points

- The individual;
- The general pensions environment;
- Coping with change and hot topics.

6.2.2 Training plans will be developed at least on an annual basis. These will be updated as required taking account of the identification of any knowledge gaps, changes in legislation, key events (e.g. the triennial valuation) and receipt of updated guidance.

6.2.3 Induction training will be provided for all new officers with pension responsibilities, members of the Pension Committee and members of the Local Pension Board. This will involve covering the requirements of the training strategy alongside guidance and information on the requirements of their roles.

6.3 External Events

6.3.1 A log of potential external events which may count towards credits will be maintained on an ongoing basis. This will be updated as information on events becomes available and will be provided at Pension Committee and

Local Pension Board meetings. If an event occurs before the next meeting is convened, members will be advised by email.

6.3.2 After attendance at an external event, Pension Committee and Local Pension Board members will be expected to provide feedback via a feedback form which will be issued by Officers covering the following points:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other Pension Committee or Local Pension Board members.

6.3.3 Officers attending external events will be expected to report to their direct line manager with feedback covering the following points:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and
- Recommendations of any subject matters at the event in relation to which training would be beneficial to other officers.

7. Ongoing development

7.1 Maintaining Knowledge

7.1.1 In addition to undertaking on-going assessment in order to measure knowledge and skills against the CIPFA requirements and identify knowledge gaps, Officers, Pension Committee and Local Pension Board members are expected to maintain their knowledge of on-going developments and issues through attendance at external events and seminars.

7.2.1 Appropriate attendance at events for representatives of the Pension Committee and Local Pension Board will be agreed by the appropriate Chairman. Attendance at events for officers will be agreed via their relevant line manager.

7.2.2 A list of future events and seminars will be presented at each Pension Committee and Local Pension Board meeting. If an event occurs before the next meeting is convened, members will be advised by email.

7.2.3 The Head of Pensions will decide an appropriate level of credits for attendance at an event depending on the type of event, its content and relevance to knowledge maintenance but based on the guide given in section 8 below. The level of credit may then be re-evaluated when receiving feedback (see 6.3 above).

- 7.2.4 In any event, attendance at events and seminars (which may include some internal training sessions) that are not direct training courses focussed on the CIPFA Knowledge Skills Framework or issued guidance but enhance and improve related on-going and emerging pension knowledge will count as one credit for each session of up to a half day.
- 7.2.5 Owing to the changing world of pensions, it will also be necessary to have ad hoc training on emerging issues or on a specific subject on which a decision is to be made by the Committee in the near future or is subject to review by the Board. These will also count as credits in maintaining knowledge.
- 7.2.6 Given the importance of the roles of Chairman of the Pension Committee and Chairman of the Local Pension Board in leading and shaping the direction of their respective bodies, it is expected that they will both be able to demonstrate an additional level of knowledge and skills to that required by the other members of the Pension Committee and Local Pension Board.

8. Recording Training

8.1 Training Credits

8.1.1 As a measure of training given or knowledge level, Pension Committee and Local Pension Board members are desired to have a minimum level of training credits. Credits will be awarded in recognition of attendance at training events, successful completion of recognised training assessment or for attendance at relevant industry events or seminars. This approach recognises that members of the Pension Committee and Local Pension Board may have different learning styles, while at the same time requiring that an appropriate core level of knowledge is attained.

8.1.2 Credits will be awarded in accordance with the following guide:

Method of attaining credit	Number of credits awarded
Completion of a single module of the Pensions Regulators e-learning toolkit. There are 7 modules in total.	1 credit per module passed and valid for 2 years.
Completion of a module of the CIPFA Knowledge and Skills Framework. 8 modules in total with 4 events scheduled per year.	2 credits per module passed and valid for 2 years (a pass being awarded for achieving at least 2/3rds of the available marks).
Successful completion on a knowledge assessment upon appointment to either the Committee or Board.	2 credits valid for 2 years.
Successful completion of a knowledge	1 credit per session and valid for 2

assessment following a training event organised by the Northamptonshire Pension Fund. This would typically be held as part of a full Pension Committee or Local Pension Board meeting. There will be a minimum of 2 training sessions per year.	years.
Attendance at an approved conference, seminar or external training event	2 credit for a full day's attendance. 1 credit for a half day's attendance. Credits valid for 2 years
All other relevant training	1 credit – member to inform officers of training undertaken
Induction training upon appointment	2 credits
Training provided/organised by the LGSS Pensions Service	2 Credits

8.2 Number of desired credits

- 8.2.1 All members of the Pension Committee and Local Pension Board will be aiming to accumulate 18 credits over a rolling 2 year period.
- 8.2.2 Credits can be obtained in any combination but the credit level has been set at a level which will require commitment to and attendance at Northamptonshire Pension Fund training events as well as successful completion of training assessments. Credits will be measured and monitored by LGSS Pensions in conjunction with the Chairman of the Committee or Board over rolling 2-year period.
- 8.2.3 It is acknowledged that where an individual is new to the role there will be a lead-in period before the member will be expected to demonstrate the full range of knowledge and skills. New members will be encouraged to undertake induction training within 6 months of appointment.
- 8.2.4 A training record will be sent to members after each credit is attained to ensure members are able to keep a personal record of training undertaken and to monitor the credits they have attained.

8.3 Scorecard

- 8.3.1 For the purposes of disclosing the level of knowledge and understanding of through the scorecard mechanism, the following will be recorded separately for the Pension Committee and Local Pension Board:
- Total number of credits possible collectively in the period in question for a new member joining after that date;
 - Total number of credits achieved collectively in the same period.
- 8.3.2 The latter score will be flagged as green if this represents at least 90% of the potential target, amber for between 60% and 89% (inclusive) and red if below 60%.
- 8.3.3 Separately, LGSS Pensions will hold a record of each individual's training credits split between attendance and assessment and will be shared with the chairman of the relevant Pension Committee or Local Pension Board on an annual basis.

9. CIPFA Requirements

9.1 CIPFA Knowledge and Skills Framework

- 9.1.1 In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:
- Pensions legislative and governance context;
 - 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.

- 9.1.2 The Knowledge and Skills Framework sets the skills required for those responsible for pension scheme financial management and decision making under each of the above areas in relation to understanding and awareness of regulations, workings and risk in managing LGPS funds.

9.2 Local Pension Boards: A Technical Knowledge and Skills Framework

- 9.2.1 In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members;
- Pensions Legislation;
 - Public Sector Pensions Governance;

- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

9.3 CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the "Code of Practice")

9.3.1 CIPFA's Code of Practice, issued in 2013, embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

9.3.2 The Northamptonshire Pension Fund fully supports the intentions behind CIPFA's Code of Practice and has agreed to formally adopt its principles. This training strategy formally sets out the arrangements the Northamptonshire Pension Fund will take in order to comply with the principles of the Code of Practice.

10. Guidance from the Scheme Advisory Board

10.1 General Principles

10.1.1 The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.

10.1.2 Knowledge and understanding must be considered in the light of the role of a Local Pension Board and Northamptonshire Pension Fund will make appropriate training available to assist and support members in undertaking their role.

10.2 Committee Members

10.2.1 Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee. However the view of the Northamptonshire Pension Fund is that members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board. Sections 10.3 to 10.5 below are therefore still relevant in the consideration of the training needs of Pension Committee members.

10.3 Degree of Knowledge and Understanding

10.3.1 The role of the Local Pension Board is to assist the Scheme Manager i.e. the administering authority. To fulfil this role, Local Pension Board members should have sufficient knowledge and understanding to challenge failure to comply with regulations, any other legislation or professional advice relating to the governance and administration of the LGPS and/or statutory guidance or Codes of Practice.

10.3.2 Local Pension Board members should understand the regulatory structure of the LGPS and the documentary recording of policies around the administration of the Northamptonshire Pension Fund in enough detail to know where they are relevant and where it will apply.

10.4 Acquiring, Reviewing and Updating Knowledge and Understanding

10.4.1 Local Pension Board members should commit sufficient time in their learning and development and be aware of their responsibilities immediately they take up their position. The Northamptonshire Pension Fund will therefore provide induction training for all new Board members.

10.5 Flexibility

10.5.1 It is recognised that a rigid training plan can frustrate knowledge attainment when too inflexible to reflect a change in pension law or new responsibilities required of the Local Pension Board. Learning programmes will therefore be flexible to deliver the appropriate level of detail required.

11. The Pensions Regulator

11.1 E-learning toolkit

11.1.1 The Regulator has developed an on line tool designed to help those running public service schemes to understand the governance and administration requirements in the public service schemes Code of Practice. The toolkit is an easy to use resource and covers 7 short modules. These are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;

- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

11.1.2 These modules are designed to apply to all public service schemes and are not LGPS specific. The toolkit is designed specifically with Local Pension Board members in mind; however in the view of Northamptonshire Pension Fund the material covered is of equal relevance to members of the Pension Committee. Completion of the toolkit will not in itself provide Pension Committee and Local Pension Board members with all the information they require to fulfil their knowledge and skills obligations. It does however provide a good grounding in some general areas and all members of both the Pension Committee and Local Pension Board will be expected to complete the full 7 modules over time.

12. Training records and certification

12.1 Progress and achievement

12.1.1 Training plans will be used to document and address any knowledge gaps and update areas of learning where required and assist in the acquisition of new areas of knowledge in the event of change

12.1.2 Progress and achievement will be certificated at least on an annual basis individually to all Pension Committee and Local Pension Board members.

These will detail:

- The current assessment of an individual's acquired knowledge;
- Their progress against achieving the credits from other internal/external training or events; and
- All training courses and events attended by them to date.