



**Northamptonshire
County Council**

Agenda Item No: 3 (a)

Democratic Services
Column E6
2nd Floor
One Angel Square
Northampton

Northamptonshire Local Government Pension Scheme Local Pension Board

Minutes of the meeting held in public on 11 February 2019

Venue: Room G01, One Angel Square, Northampton

(Meeting held in public)

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

Employers Side

Councillor Allan Matthews
Julie Petrie

Employees Side

Martin Hammond
Kev Standishday

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

Jenny Daniels	Democracy Officer (minutes)
Paul Hanson	Democratic Services Manager
Mary Lambe	Aon (observing)
Natasha McAnulty	LGSS Pensions (observing)
Michelle Oakensen	LGSS Pensions Governance Officer
Catherine Pearce	Aon (observing)
Joanne Walton	LGSS Pensions Governance & Regulations Manager
Mark Whitby	Head of Pensions

01/19 Welcome & Apologies for non-attendance

There were none.

02/19 Declarations of Interest by Members, if any

There were none.

03/19 Minutes of the Meetings held on 15 October 2018

The Local Pension Board approved the minutes of the meetings held in public and private on 15 October 2018.

RESOLVED that: The Local Pension Board approved the minutes of the meetings held in public and private on 15 October 2018

04/19 Action Log from Local Pension Board meeting held on 15 October 2018

At the Chairman's invitation LGSS Pensions Governance & Regulations Manager, Joanne Walton reported there were no outstanding issues.

05/19 LGSS Pensions Service Administration Performance Report:

At the Chairman's invitation, the LGSS Pensions Governance Officer, Michelle Oakensen introduced this report (copies of which had been previously circulated) stating there was one key performance indicator that was showing as amber. This was in an area of low volume and some training had addressed it.

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

06/19 Pension Fund Annual Business Plan Update Report 2018/19.:

At the Chairman's invitation, the LGSS Pensions Governance & Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating the post of Communications Officer had been graded and was advertised with a view for the post to be filled by 31 March 2019.

Soft-market testing had been undertaken with 4 suppliers on the framework for mortality screening and member tracing service to inform the specification required as part of the mini-competition process. This had been a really useful exercise and assuming the expenditure was approved the intention was to complete the mini-competition and award to the preferred supplier by the end of May.

Approximately 20% of active and deferred members had signed to and using the member self-service. The new Communications Officer would help with promoting this. This was something that was promoted to new members but it would take time for existing members to use it as the pension did not change on a regular basis so why would they go in. Officers had spoken to a supplier but a mobile application had not been developed because it was recognised most people would only go in once a year. They could consider an incentive but at the end of the day it was public sector funds that would be used for this.

There was a possibility that Northamptonshire County Council (NCC) would take a one-off reduction in employer contributions. There was no certainty on whether they would formalise the request which would need to go to the Pension Committee. It would be for 2019/20 and was possible in a valuation year. It was not usual for a large employer and NCC had only made an informal request at the moment.

RESOLVED that: The Local Pension Board noted the Pension Fund Business Plan Update for the period to 31 January 2019 of the 2018/19 financial year.

07/19 Governance and Compliance Report:

At the Chairman's invitation, the LGSS Pensions Governance & Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating a lot had happened. On 10 January 2019 two amending regulations came into force. Deferred members of the 1995 scheme were now able to access their benefits without the employer's consent form when aged 55 and it could be backdated to 17 April 2018. Also a survivor's pension was now backdated to 5 December 2005 in respect of a surviving civil

partner and in respect of a surviving spouse of a same sex marriage with a member is backdated to 13 March 2014.

The Scheme Advisory Board had suggested the cost of the Pensions Service had fallen below the target cost. It had been agreed that a sub-group be established to implement benefits which would bring the cost back to its target of 19.5%. However, there had been a pause in the process because the McCloud case had been presented to the Supreme Court which could if upheld cause changes to be made to the scheme. The result of the case would not be known until late 2019 or early 2020.

The Scheme Advisory Board's work plan for 2018/19 had the possible separation of pension funds from their host authority (i.e County Council) so there would be a review of Section 151 Officers and County Councils.

The mandatory Annual Scheme Return for Northamptonshire was 81% for the common data score and the specific data score was 70%. However, every fund was calculating the score's differently and whilst some guidance had been given until something was mandated there was little that would change the score. There was a plan in place for improving it however.

There were 2 consultations: 1 on asset pooling and 1 on a fair deal.

RESOLVED that: the Local Pension Board noted:

- 1) information on potential new or amending legislation, affecting the LGPS;**
- 2) information on other pensions legislation;**
- 3) activities of the LGPS Scheme Advisor Board and the Pensions Regulator;**
- 4) information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and**
- 5) skills and knowledge opportunities.**

08/19 Data Improvement Plan Progress Report:

At the Chairman's invitation, the LGSS Pensions Governance & Regulations Manager, Joanne Walton introduced this report (copies of which had been previously circulated) stating there had been a plan in place since October 2018. There were quite a few unprocessed leavers with 935 cases being approved.

HMRC were still processing contracted-out liabilities. The Council had looked at the ratification stage and would possibly use ITM to undertake it. There had been 467 pensions underpaid and 94 overpaid and the team were not resourced to undertake the work. The Pensions Committee would be asked for approval for the expenditure in March.

The pensioner payroll vs pensions Administration reconciliation and rectification had been ongoing for some time but was now near the end and they might complete early. 269 cases did not appear correct but were. In 97 cases there had been an underpayment and 73 of these had been rectified. There were 24 potential cases that were more complex to resolve. Of the 145 overpayments 42 had been addressed. 6 of these had agreed to pay in full and 7 had agreed to ongoing deductions from their monthly pensions. A further 7 had commenced ongoing deductions from their monthly pensions following no response received from them. Quite a few had been written off in the last week or so in line with the Funds' Overpayment of Pension Policy.

In answer to a query from the Local Pension Board it was acknowledged that this was technical work that had to be undertaken from the beginning of the pension and needed to be communicated in the right way to pensioners.

RESOLVED that: the Local pension Board noted the Data Improvement Plan Progress Report.

09/19 Northamptonshire Pension Fund – Risk Strategy and Risk Register:

At the Chairman's invitation, the LGSS Pensions Governance Officer, Michelle Oakensen introduced this report (copies of which had been previously circulated) stating the current risk strategy and risk register came into force in 2016. The risk strategy was deemed appropriate and they had updated the impact to give greater clarity.

There were a few revisions appropriate in the risk register. They had made it as concise as possible so that it was easier to have an overview of it. There was a precise summary and overview of each risk with detail given behind it. The aim was to bring it to the Local Pension Board on a quarterly basis and any concerns would be fed back to the Pensions Committee.

In answer to queries from the Local Pension Board it was confirmed there were risks around political controversy in terms of where they invested. For instance something wrong with an investment with a high risk and would show in the risk register. It could be seen from the investment strategy that they had Environmental Social and Governance (ESG) regulations that were followed. If it was not in a risk it could be worth adding.

RESOLVED that: the Local Pension Board noted the Risk Strategy and Risk Register.

10/19 Internal Dispute Resolution Procedure (IDRP):

At the Chairman's invitation, the LGSS Pensions Governance Officer, Michelle Oakensen introduced this report (copies of which had been previously circulated) stating this was really a training item. In the appendix to the report it showed the stages that a member could go through. The Informal stage led to the 1st and 2nd formal stage and could lead eventually to the ombudsman. Section 3 of the report gave some background information on the reasons people went through each stage and the timescales for each stage. The ultimate gain would be to clear as many as possible at the informal stage. If the Ombudsman decided to take a case they would require information from the Pensions team. Examples of Employer and Administering Authority disputes were given in Section 4 of the report. The first example was one relating to ill health which accounted for many of the complaints. In many cases it was due to the process and forms not being completed correctly. The second example was concerned with a system error which also had been passed to the Ombudsman and was not upheld. The Pensions Ombudsman did not have timescales undertaking its work.

RESOLVED that: the Local Pension Board noted Internal Dispute Resolution Procedure Report.

11/19 Northamptonshire Local Pension Board Effectiveness Review:

At the Chairman's invitation, Catherine Pearce and Mary Lambe from Aon introduced this report (copies of which had been previously circulated) stating the purpose of the review was to ascertain if the Local Pension Board were helping the administering authority in its statutory duty and to assist the Pensions Committee to fulfil its role. They had also

reviewed the Pensions Regulator and how Boards performed against a set of objectives being:

- The appropriate governance structure
- Knowledge and skills requirements; and
- Behaviour of the Board.

In all areas the Board was positive or neutral.

The Board was provided with a lot of information which was good. It was transparent and the minutes and papers for meetings were on the internet. Every member was engaged in the work of the Board.

Recommendations included the review of breaches which could be more comprehensive. The Board tended to currently be told about late payers but they recommended the Board ask for more. Perhaps a short training session could be arranged for each Board meeting. Some Boards started their meetings this way. They recommended that training records were kept and the Board might wish to undertake a training needs analysis.

A further recommendation was consistency in frequency of meetings and there could be more obvious linking with the Pensions Committee. It was not clear what the Board looked at to an outsider. The Action Log at the moment could include more things on it. For instance today's conversation on getting more members to go into member self-service. But on the whole the Board was a good well-managed Board.

Members of the Board and officers commented as follows:

- The training needs analysis was planned for the end of March.
- An information day was planned every quarter for members of the Pensions Committee and Local Pension Board and at a recent information day there was some information on the CIPFA skills and knowledge.
- It was considered encouraging that there were no negatives on the effectiveness review.

RESOLVED that:

- 1) The Local Pension Board noted the Effectiveness Review; and**
- 2) Agreed to ask officers to identify training items on future meeting agendas.**

12/19 Valuation of the Pension Fund Update:

At the Chairman's invitation the Head of Pensions, Mark Whitby introduced this report (copies of which were previously circulated) stating the valuation date was 1 March 2019. Training was delivered to everyone and anyone who didn't attend the recent training day could be sent the set of slides that were delivered on the day. There would probably be new employer rates so engagement with them was important. They would undertake data reconciliation to ensure the information was correct. There would be 2 forums held with employers in the current year and they would get results to them as soon as possible to allow them time to discuss them. There would be a report to the next Pensions Committee on the key assumptions, discount rate and calculations. The Hymans Robertson Asset Tracker (HEAT) would also help them in the valuation.

There was a pool for Town and Parish Councils who were currently paying the same rate. This was really to protect them against large shocks such as ill health retirement and the death of an active member. However, since the pool was established alternative arrangements had been put in place for ill health so they would re-evaluate the rates and

ascertain if they could be aggregated. A data share would be undertaken as soon as possible in the New Year.

There was also the funding strategy statement which stated how they treated different classes of employers and included a timeline for payments.

RESOLVED that: the Local Pension Board noted the update on the Pension Fund valuation.

RESOLVED that the Local Pension Board under Section 100A of the Local Government Act 1972 the public be excluded from the meeting for the following item(s) 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 of the descriptions against each item would be disclosed to them.

13/19 ACCESS Asset Pooling Update:

RESOLVED that: the Pension Fund Board:

- 1) Noted the asset pooling update;**
- 2) Noted the exempt minutes form the ACCESS Joint Committee meeting of 19 September 2018; and**
- 3) Noted the consultation on asset pooling and approved the delegation to the Chairman for the Local Pension Board to approve the final version, to subsequently be circulated to all Board Members.**

The meeting continued in public as follows:

14/19 Membership of the Local Pension Board

At the Chairman's invitation, the Democratic Services Manager, Paul Hanson introduced this report (copies of which had been recently circulated) stating the Board was coming up to its fourth birthday. The Councillor membership would be decided at the Council's AGM in May other members had been renewed. The only member it currently referred to was the Chairman and in light of local government reorganisation in the county it was suggested that the membership be renewed as it is for another year.

The Board agreed to this and also suggested the effect on the Local Pension Board of the progress of local government reorganisation be included as a standing agenda item.

RESOLVED that: the Pension fund Board:

- 1) Noted the update on Local Government Reorganisation as set out in the report;**
- 2) Agreed to renew the membership of the Board for a further year; and**
- 3) Agreed to receive a standing item on the effect of Local Government Reorganisation on the Local Pension Board.**

There being no further business, the meeting concluded at 11.20am.