



Pensions Committee

Minutes of a meeting of the Pensions Committee held at Maybin & Sunflower Room, One Angel Square, Northampton, NN1 1ED on Tuesday 15 June 2021 at 6.00 pm.

Present	Councillor Malcolm Longley (Chair)
	Councillor Charles Morton (Vice-Chair)
	Councillor Phil Bignell
	Councillor Lloyd Bunday
	Councillor Paul Joyce
	Councillor Jamie Lane
	Councillor Graham Lawman
	Councillor Peter Matten
	Councillor Cathrine Russell
	Andy Langford
Officers	Robert Austin
	Cory Blose (Employer Services and Communications Manager)
	James Smith (Assistant Director of Finance)
	Maisie McInnes (Democratic Services Officer)
	Michelle Oakensen (Governance Officer)
	Joanne Walton (Governance and Regulations Manager)
	Mark Whitby (Head of Pensions)

1. Chair's Announcements

The Chair welcomed everyone to the first Pensions Committee of the West Northamptonshire Council and discussed the arrangements for the future meetings of the Pensions Committee and moving the timing of meetings forward to allow for advisors, the press and member of the public to attend. Members discussed the timings of meetings and proposed that meetings be moved to Wednesdays with a slightly 4pm or 5pm start to allow for work commitments of members.

2. Apologies for Absence

Apologies were received from Janet Blunden and Peter Borley-Cox.

3. Declarations of Interest

Rob Austin and Andy Langford declared disclosable pecuniary interests as members of LGPS. Councillor Graham Lawman declared a disclosable pecuniary interest as a deferred member of LGPS. Councillor Phil Bignell declared a personal interest as his wife is a member of LGPS as a West Northamptonshire Council employee.

4. **Minutes**

The minutes of the previous meeting held on 26 March 2021 were agreed as a true and accurate record of the meeting.

5. **Action Log**

At the Chair's invitation, the Head of Pensions presented the report and explained that the Investment Strategy Statement had been out to consultation and was now being reviewed. The findings would be brought to a future meeting of the Investment Sub-Committee.

RESOLVED: That the Pension Committee noted the report.

6. **Appointment of Investment Sub-Committee Members**

The Head of Pensions explained that the Investment Sub-Committee membership would consist of 7 members, the Chair and Vice-Chair of the Pensions Committee, two further member representatives of West Northamptonshire Council, an employer representative, a scheme member and a member representative from North Northamptonshire Council.

The Chair invited volunteers from West Northamptonshire Council and North Northamptonshire Council to be appointed to the Investment Sub-Committee. Councillors Phil Bignell and Cathrine Russell from West Northamptonshire Council and Councillor Graham Lawman from North Northamptonshire Council came forward in the discussion.

Members voted on the appointment of the Investment Sub-Committee members and the vote was carried.

RESOLVED: That Councillors Malcolm Longley (Chair), Charles Morton (Vice-Chair), Phil Bignell, Cathrine Russell, Graham Lawman were appointed as members to the Investment Sub-Committee representing North Northamptonshire Council and West Northamptonshire Council. Rob Austin was appointed as the employer representative and Peter Borley-Cox as the scheme representative.

7. **Appointment of Joint Committee Representative**

The Head of Pensions explained that the Pension Committee was required to appoint a member to become the Joint Committee Representative. The Joint Committee was responsible for oversight of the ACCESS Pool and consisted of a representative from each of the ACCESS partner funds. The Chair of each pension fund usually represented the fund on the Joint Committee.

Councillor Malcolm Longley as the first Chair of the West Northamptonshire Council was nominated to be appointed as the Joint Committee representative. Members voted on the appointment of the Joint Committee representative and the vote was carried.

RESOLVED: That Councillor Malcolm Longley was appointed as the Joint Committee (ACCESS Pool) representative.

8. **Administration Performance Report**

At the Chair's invitation, the Governance and Regulations manager presented the report and highlighted the key points contained in section 5 of the report.

For the period 1 February 2021 to 30 April 2021 the key performance indicators (KPIs) assessed the performance of the Pensions Service processes in line with statutory and non-statutory performance standards. The KPIs were detailed in Appendix A, and a traffic light RAG rating system showed if the Pensions Service were performing to their Service Level Agreement (SLA) target. The Governance and Regulations manager explained that some service issues detailed in the report related to the Covid-19 pandemic and a recent change over in staff with the move to Unitary.

The next area of administration performance, receipt of employee and employer contributions, detailed the record of payments made to the 19th of the month following the month of deduction. The Governance and Regulations manager stated that there were over 300 scheme employers in the fund and Appendix B detailed the percentage of payments received on time. In March it was recorded that 100% of employers paid on time.

The Governance and Regulations manager explained the procedure for late payments as late payments caused delay issues in the Pensions processes. The Employer Services and Communication Team Manager would liaise with employers to reach a resolution. The Employer Services and Communication Team Manager explained that there were private sector employers in the fund and as a result of the Covid-19 pandemic, a minority of late payments were received as a result of staff being furloughed and businesses being required to close.

The Governance and Regulations manager continued presenting the next part of the report, breaches of the law, which the Pensions Service were obliged to report to the Pensions Committee and keep a log of. As detailed in section 5.3.2 of the report, 18 refund of contributions payments was not paid within the 5-year statutory period and were deemed as non-material.

The final section of the report, Internal Dispute Resolution Procedure (IDRP) cases, detailed complaints made by members of the Fund. The Governance and Regulations manager summarised the IDRP as stage 1 complaints were passed onto the Head of Pensions to review, and if the complaint was escalated to stage 2 the complaint would be reviewed by the Monitoring Officer. The Governance and Regulations manager summarised the current complaints as detailed in the table at section 5.4.2 of the report as 2 cases currently awaiting resolution at stage 2 and one case not upheld at stage 2.

RESOLVED: That the Pensions Committee noted the administrative performance of the Northamptonshire Pension Fund.

9. Northamptonshire Pension Fund Business Plan and Medium Term Strategy

At the Chair's invitation, the Head of Pensions presented the Northamptonshire Pension Fund Business Plan and Medium Term Strategy as approved by the Pensions Committee of the outgoing authority Northamptonshire County Council on 26 March 2021. He highlighted the 'business as usual' section on page 32 of the report and the budget as set out on page 36 of the report which is split into three budget tables detailing the cash flow projection for 2020/21 and 2023/24, management expenses and administrative and governance expenses.

The Head of Pensions explained that the profit and loss estimates are refined throughout the year with regular quarterly progress updates presented to the Pensions Committee with the next update at the annual meeting on 27 July 2021. He advised that work had been undertaken to re-tender the investment advisory services contract and as a result of the procurement exercise, Mercer LLC had been reappointed.

The Head of Pensions continued his report and explained that in terms of cyber security, page 43 of the report detailed the Pension Fund's cyber-resilience strategy. As the Fund holds member data on a server, it is imperative that the Fund continues to put appropriate measures in place to protect assets and data. The report detailed the current work that had been undertaken to assess the Fund's level of resilience through a specialist team at Aon, the Fund's governance advisors.

He highlighted a few of the current projects that the Pensions Service will be undertaking as detailed from page 44 onwards of the report. As a result of the McCloud judgement ruling, the LGPS Funds would undertake a project to remedy any age discrimination and put protections in place for staff nearing retirement. The Pension Fund would also be preparing for the 2022 valuation of the Pension Fund, which occurred every 3 years. He explained that the fund was currently worth an estimated £3bn and the Fund triennial valuation would be as at 31 March 2022. The Fund would also be reviewing their Responsible Investment policy as work had been undertaken to revise the policy for incorporation in the Investment Strategy Statement. He explained that it had gone out to consultation for 30 days and the feedback would be analysed and presented to Pensions Committee at a future meeting.

RESOLVED: The Pension Committee noted the contents of the Business Plan and Medium Term Strategy 2021/22.

10. Governance and Compliance Report

At the Chair's invitation, the Governance and Regulations manager presented the report and explained that the report was a standing item which identified the issues and developments in the governance, management and administration of the Northamptonshire Local Government Pension Scheme (LGPS). She highlighted the Local Government Pension Scheme Advisory Board's good governance review

produced by the Hymans Robertson project team. Phase 3 of the review provided further detail on 7 recommendations highlighted in phased 2. The importance of training for members has been emphasised in the review and there will be a series of training modules focusing on building upon their skills and knowledge that members can access as well as a virtual training session hosted by Aon on 21 June from 10am-1pm. In addition, she explained that the Pension Regulator launched a consultation on its new code of practice which had finished on 26 May 2021. Following on from the consultation, there was now a new draft code of practice, which combined 15 codes into the one practice and the revised code of practice will be effective later in the year with the expectation that the pension schemes have 6 months to demonstrate compliance.

RESOLVED: That the Pensions Committee noted the report.

11. Northamptonshire Pension Fund Risk Monitoring

At the Chair's invitation, the Governance and Regulations manager presented the risk register and risk strategy report. She explained that the risk register would be presented to the Local Pensions Board every meeting for review and presented to the Pension Committee bi-annually for approval.

The Governance and Regulations manager explained the risk register as detailed in appendix 1 of the report and stated that the register was ordered in risk level order with a rag rating system. Then from page 65 of the report, the 26 risks were explained with the controls and mitigations, as well as the investment risks.

RESOLVED: That the Pension Committee:

- a) Reviewed the current risks facing the Northamptonshire Pension Fund.**
- b) Approved the risk register including the amendments made as detailed in section 5.1.**

12. Northamptonshire Pension Fund Communications Plan

At the Chair's invitation, the Employer Services and Communications Manager presented the report and explained that the Communications Plan was an annual report, which was typically presented to the Pensions Committee every March. He shared that there was a move towards digital communication, with members being able to use self-service and access their pensions account online, and the percentage of users utilising the self-service function was at 40%. The Employer Services Manager concluded his report and asked the Pensions Committee to approve the Communications plan.

RESOLVED: The Pension Committee approved the Communications Plan.

13. Employers, Admissions and Cessations Report

The Employer Services and Communications Manager presented the report and explained it would be a standing item on the agenda for each Pensions Committee, reporting employer admissions agreements and those leaving the fund as detailed in section 5 of the report.

The Employer Services and Communications Manager also gave a verbal update regarding the Fund's policy for assessing whether an exit credit would be payable to an employer ceasing participation in the Fund with a funding surplus (the exit credit policy). The policy within the Funding Strategy Statement (FSS) as written, and previously agreed by the Committee, omitted the inclusion of the administering authorities Section 151 officer in the decision making process and as a result does not align with the Fund's discretion policy on the same matter. The FSS is due to be released to employers for consultation for unrelated legislative updates and the Committee was asked to approve correction of the exit credit policy to include the Section 151 officer in the decision making process.

RESOLVED: The Pension Committee is asked to:

a) Note the admission of the following admitted bodies to the Northamptonshire Pension Fund and approve the sealing of the following admission agreements;

- Alliance in Partnership Limited
- Compass Contract Services Limited
- Everyone Active (Sports and Leisure Management Limited)
- Innovate Services Limited
- Miquill (South) Limited

b) Note the admission of the following designating body to the Northamptonshire Pension Fund;

- Northampton Town Council

c) Note the exit of the following body from the Northamptonshire Pension Fund:

- Compass Contract Services Limited

d) To approve a further update to the Funding Strategy Statement so that the decision over whether to pay an exit credit to a ceasing employer will be made by the Head of Pensions and the Section 151 officer.

14. Urgent Business

There were no items of urgent business.

The meeting closed at 7.10 pm

Chairman: _____

Date: _____