



Pensions Committee

A meeting of the Pensions Committee will be held at the Jeffery Room, The Guildhall, Northampton, NN1 1DE on Wednesday 15 December 2021 at 4.00 pm

Agenda

1.	Apologies for Absence
2.	Declarations of Interest Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.
3.	Minutes (Pages 5 - 10) To approve the Minutes of the meeting of the Committee held on 11 October 2021.
4.	Chair's Announcements To receive communications from the Chair.
5.	Action Log (Pages 11 - 12)
6.	Administration Performance Report (Pages 13 - 22)
7.	Business Plan Update (Pages 23 - 44)
8.	Risk Monitoring Report (Pages 45 - 70)
9.	Governance and Compliance Report (Pages 71 - 76)

10.	Training Strategy Review (Pages 77 - 110)
11.	Admissions and Cessations Report (Pages 111 - 116)
12.	<p>Exclusion of Press and Public</p> <p>The following report(s) contain exempt information as defined in the following paragraph(s) of Part 1, Schedule 12A of Local Government Act 1972.</p> <p>Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>Members are reminded that whilst the following item(s) have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.</p> <p>Should Members decide not to make a decision in public, they are recommended to resolve as follows:</p> <p>“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph(s) 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”</p>
13.	<p>Private Minutes (Pages 117 - 124)</p> <p>To approve the Private Minutes of the meeting of the Committee held on 11 October 2021.</p>
14.	Cyber Resilience (Pages 125 - 130)
15.	ACCESS Update (Pages 131 - 180)
16.	Investment Strategy Statement Review (Pages 181 - 234)

Catherine Whitehead
Proper Officer
7 December 2021

Information about this Agenda

Apologies for Absence

Apologies for absence and the appointment of substitute Members should be notified to democraticservices@westnorthants.gov.uk prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare that fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

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Northampton
NN1 1ED

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Pensions Committee

Minutes of a meeting of the Pensions Committee held at Jeffery Room, The Guildhall, Northampton, NN1 1DE on Monday 11 October 2021 at 4.00 pm.

Present	Councillor Malcolm Longley (Chair) Councillor Charles Morton (Vice-Chair) Councillor Phil Bignell Councillor Lloyd Bunday Councillor Jamie Lane Councillor Graham Lawman Peter Borley-Cox
Apologies for Absence:	Councillor Paul Joyce Councillor Peter Matten Councillor Cathrine Russell Robert Austin John Wignall
Officers	Mark Whitby, Head of Pensions James Smith, Assistant Director - Finance (Strategy) Joanne Kent, Governance and Regulations Manager Michelle Oakensen, Governance Officer Cory Blose, Employer Services Manager Ben Barlow, Fund Accounting Manager Maisie McInnes, Democratic Services Officer
Also Present:	Douglas Green FFA, Hymans Robertson Robbie McInroy FFA, Hymans Robertson

27. **Declarations of Interest**

Peter Borley-Cox and Councillor Lloyd Bunday declared disclosable pecuniary interests as members of LGPS. Councillor Graham Lawman and Councillor Phil Bignell disclosed personal interests as their wife is a deferred member of LGPS. Councillor Graham Lawman also disclosed a disclosable pecuniary interest in item 10 as a member of Wellingborough Town Council.

28. **Minutes**

The public minutes of the previous meeting held on 27 July 2021 were agreed as a true and accurate record of the meeting.

29. **Chair's Announcements**

The Chair requested that the Democratic Services Officer move the next two Investment Sub-Committee meeting dates from 29th November 2021 to 30th November 2021 and 21st February 2022 to 22nd February 2022.

The Chair requested that future meetings of the Pensions Committee and the Investment Sub-Committee take place in the Jeffery room at the Guildhall, Northampton.

30. **Action Log**

The Chair asked members to note the action log.

RESOLVED: That the Pension Committee noted the action log.

31. **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. In terms of performance, appendix A demonstrated the performance of the Pensions Service in the delivery of key items of casework from the period 1 May to 31 July against a set of Key Performance Indicators (KPIs). The Governance and Regulations manager highlighted that there were two red ratings under payment of pension benefits from deferred membership status.

Section 5.2 of the report contained information on the receipt of employee and employer contributions and appendix B recorded that 100% of employers had paid contributions on time in the period from 1 March to 30 June 2021.

The next part of the report, breaches of the law, recorded that two non-material breaches had occurred for the period 1 May to 31 July 2021 as two employers had failed to submit their year-end submissions by the statutory deadline. The Governance and Regulations Manager explained that the employers had been reminded of their obligations and the breaches had been recorded in the internal breaches log. No further action was to be taken, and the Governance and Regulations Manager asked the Pensions Committee to note the breaches.

The Governance and Regulations Manager moved onto the final section of the report, internal dispute resolution procedure cases and highlighted the table in section 5.4.2 of the report. There was an ongoing case to find previous records which were currently being held off-site as the Pension Services required more information before responding to the case.

The Governance and Regulations Manager concluded the report and asked the Pensions Committee to note the contents of the report.

RESOLVED: The Pensions Committee noted the contents of the report.

32. **Business Plan Update**

At the Chair's invitation, the Head of Pensions presented the Business Plan update and highlighted the salient points:

- There had been a delay in the retender for strategy investment advisory services as signatures were required to complete the sealing process following the receipt of legal advice. An extension of the temporary contract has been put in place until the sealing has been completed and the new contract can begin.
- Considering the local government reorganisation with the new West Northamptonshire Council becoming the administering authority for the Northamptonshire Pension Fund, a repatriation of hosted services exercise was currently being undertaken and the Pension Fund was continuing to monitor any significant changes in workload.
- In terms of the review of the business continuity plan, a new WNC template had been secured in September 2021 and work on the plan would be resumed after the internal review on cyber resilience and asset mapping had concluded.
- As a result of the McCloud age discrimination case, the Pension Fund was currently working on rectification of pension records and a request would be sent to all scheme employers to collect data over the next financial year.
- The Head of Pensions reminded the Pensions Committee that a new version of the quarterly performance update from Mercer had been devised and would be presented to members at the next committee meeting for their consideration.

Members questioned whether there were any issues with the supplier for the retender process and the Head of Pensions confirmed there were no issues as the Fund were retendering with the same supplier. Members also asked if there were any issues with payroll following the move to Unitary in West Northamptonshire and North Northamptonshire. The Head of Pensions responded that the Fund was regularly updated by both organisations on its members. The Fund Accounting Manager assured the Pensions Committee that contributions were continued to be paid correctly following the move to Unitary.

RESOLVED: The Pension Committee is noted the Business Plan Update to 31 July 2021

33. **Governance and Compliance Report**

At the Chair's invitation, the Governance and Regulations Manager presented the key points from the report. The Governance and Regulations Manager explained that every year the Pensions Regulator conducted a Governance and Administration Survey on all public service pension schemes. The survey found that two thirds of LGPS administering authorities who responded had six key processes in place as detailed in section 5.1.2 of the report. The Northamptonshire Pension Fund

participated in the survey and already have the six key processes in place. Despite the challenges of the pandemic, governance had stood up to the challenges that given the climate-related risks and opportunities surrounding Covid-19 and cyber controls.

The Governance and Regulations Manager explained that section of the report 5.2 referred to the new code of practice due to be introduced by the Pensions Regulator as discussed at the previous Pensions Committee meeting. The code was expected to be in force from November 2021 but the implementation of the new code of practice had been delayed until Spring 2022. The Fund will still have six months to demonstrate compliance with the new code of practice. It was hoped that an online version of the code would be produced by the regulator to make it easier for users to navigate and find information. The next section of the report, 5.3 presented information on the Scheme Advisory Board 2020 Scheme Annual Report which had been launched last year. The key points from the report were detailed in 5.3.1 of the report.

The Governance and Regulations Manager concluded her report and reminded members to undertake the six CIPFA training modules hosted by Aon and note the conference dates as detailed in Appendix A of the report. Members are required to have completed these training modules by 31 December 2021.

RESOLVED: That the Pension Committee noted the contents of the Governance and Compliance report.

34. **Admission Bodies, Scheme Employers and Bulk Transfer Policy**

At the Chair's invitation, the Employer Services Manager presented the report and explained the purpose of the report was to seek approval for amendments to the Pension Fund's Admission Bodies, Scheme Employers and Bulk Transfer Policy. He explained the policy deals with how the Fund interacts with employers and had been updated in line with changes to the LGPS regulations and legislation and reflected corresponding changes to the Funding Strategy Statement, previously approved by the Committee. The Employer Services Manager concluded his report and explained that the Pension Committee had been provided with the original policy document and the revised copy with track changes so that members could clearly see how the policy was to be updated.

Members asked a question regarding ill health insurance and the Employer Services Manager responded that the decision was taken in 2017 to provide this internally. Members questioned why the paragraph in 4.1.14 and 4.2.11 was repeated and the Employer Services Manager confirmed that the Pension Fund had sought actuarial and legal advice with the wording of the policy and the wording was repeated in two different sections dealing with different types of employer.

RESOLVED: The Pension Committee approved the amendments to the Admission Bodies, Scheme Employers and Bulk Transfer Policy.

35. **Admissions and Cessations Report**

The Employer Services Manager introduced the report as a standing item on the Pensions Committee agenda. He explained that two admission bodies had been admitted into the Northamptonshire Pension Fund, Caterlink Limited and Cucina Restaurants Limited. The Employer Services Manager asked the Pensions Committee to note these admissions and approve the sealing of the admission agreements for these two bodies.

Furthermore, Wellingborough Town Council had been admitted as a new designating body following the reorganisation of local government in Northamptonshire. He explained that retrospective contributions had been received from 1 April 2021 for the Town Council.

In terms of cessations, there were three for the Pensions Committee to note: Compass Contract Services Limited (David Ross Education Trust); Collaborative Academies Trust (Kingsthorpe College); and Weldon Parish Council. Both the Compass Contract Services and Collaborative Academies Trust's assets and liabilities had been transferred and no exit fees were required as detailed in section 5.3 of the report. Weldon Parish Council was identified as £5,000 in funding deficit as a result of the cessation assessment and an invoice was issued to them in July 2021.

RESOLVED: That the Pension Committee:

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

- Caterlink Limited
- Cucina Restaurants Limited

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

- Wellingborough Town Council

c) Noted the exit of the following bodies from the Northamptonshire Pension Fund:

- Compass Contract Services Limited
- Collaborative Academies Trust
- Weldon Parish Council

36. **Exclusion of Press and Public**

The Chair moved that the remainder of the meeting be held in private:

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph(s) 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

RESOLVED: Members agreed that the public and press were excluded from the remainder of the meeting and the Pensions Committee moved into private session.

The meeting closed at 5.40 pm

Chair: _____

Date: _____

**NORTHAMPTONSHIRE PENSION
FUND**

**Pension Committee
Action log from Pension Committee meeting held on 11 October 2021**

This log captures the actions from the Pension Committee of the 11 October 2021 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 of 30 November 2021.

Actions from 11 October 2021 meeting of the Pension Committee -

Item No.	Item	Action to be taken by	Issue	Action/Status
				None

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West Northamptonshire Council

Pension Committee

15/12/2021

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report
Report Author	Jo Kent, Governance and Regulations Manager, joanne.kent@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Geoff Wild	22/10/2021
S151	James Smith	24/11/2021
Head of Pensions	Mark Whitby	19/11/2021

List of Appendices

Appendix A – Performance against key performance indicators

Appendix B – Timeliness of receipt of employee and employer pension contributions

Appendix C – Exempt – Late payment of employee and employer pension contributions

1. Purpose of Report

- 1.1. To present to the Pension Committee a report on the administrative performance of the Northamptonshire Pension Fund.

2. Executive Summary

- 2.1 This report sets out the performance of the Northamptonshire Pension Fund on the following areas of administration:
- 2.1.1 The achievement against the Key Performance Indicators for the period 1 June 2021 to 30 September 2021 (appendix A)
- 2.1.2 Timeliness of receipt of employee and employer pension contributions for the payroll periods of September 2020 to August 2021 (appendix B and exempt appendix C)
- 2.1.3 Occurrences of breaches of the law for the period 1 June 2021 to 30 September 2021 (section 5.3).
- 2.1.4 Details of any Internal Dispute Resolution Procedure cases during the period 1 June 2021 to 31 October 2021 (section 5.4).
- 2.2 This report also provides an update on the Pensions Service reaccreditation of the Customer Excellence Standard certification (section 5.5).

3. Recommendations

- 3.1 The Pension Committee is asked to note the contents of the report.

4. Report Background

- 4.1 One of the core functions of the Pension Committee is to ensure the effective and efficient governance and administration of the Northamptonshire Pension Fund. This report demonstrates a number of key areas of administration performance for consideration by the Pension Committee.

5. Issues and Choices

5.1 Key Performance Indicators

- 5.1.1 The Pension Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 June 2021 to 30 September 2021 can be found in appendix A along with the explanations for any underperformance.
- 5.1.2 Over the 4-month period there has been a number of resource and system issues that have impacted performance, particularly relating to the payment of retirement benefits.
- 5.1.3 In addition, the retirements team has managed two vacancies over the period June to October, with associated training implications following successful recruitment, and contended with Covid sickness absences and seasonal leave. This has meant that at various points during the review period only half of the team have been available.
- 5.1.4 Performance delays are most noticeable in the newest indicator, retirement from deferred status; there are not ordinarily the same continuity of income issues as with retirements from active status nor the same statutory performance requirement. We still believe the performance target is achievable and will be looking to improve performance in this area over the coming months.

5.2 Receipt of employee and employer contributions

- 5.2.1 Scheme employers have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in an acceptable format.
- 5.2.2 The table in appendix B 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 for the payroll periods 1 September 2020 to 31 August 2021.
- 5.2.3 In June and August 2021 all scheme employers paid over their contributions on time, with only one late payment in July. A total of 99.6% of employers completed the pay-over by the due date. An average of 99.2% of employers submitted their payment schedules on time in the same time period.
- 5.2.4 Details of any employers that paid their employee and employer contributions later than the statutory deadline are detailed in the exempt appendix C.

5.3 Breaches of the Law

- 5.3.1 There are many laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Committee and Local Pension Both (collectively and as individuals) having a statutory duty to report material breaches of those laws to the Regulator. The Northamptonshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 5.3.2 For the period 1 June 2021 to 30 September 2021 the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material	None	n/a
Non-material	One employer in the Fund failed to submit information in order for Pension Saving Statements to be issued by the statutory deadline of 6 October 2021 affecting one member.	The affected member has been written to advising that there was a delay in receiving this information and the matter was escalated with the employing authority and has now been resolved.
	1.4% of Annual Benefit Statements were not issued by the statutory deadline of 31 st August due to a delay in information from the respective employers.	All Annual Benefit Statements have now been issued and employers reminded of their statutory obligations.

5.4 Internal Dispute Resolution Procedure cases

5.4.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.

5.4.2 In the period 1 August 2021 to 31 October 2021 the following administering authority disputes were either raised an/or responded to.

Nature of dispute	Stage 1 (adjudicated by the Head of Pensions)	Stage 2 (adjudicated by the Monitoring Officer)
Delay in confirming benefits payable due to no electronic records being present suggesting the Fund has no liability (received 1 June 2021)	Ongoing. Deadline extended from 3 August 2021, 3 November 2021 and 3 January 2021 due to inability to access WNC's archive storage facility due to covid and enquiries being undertaken with the individual's other pension scheme administrators.	

5.5 The Customer Service Excellence Standard

5.5.1 The Pensions Service recently undertook the annual assessment required to maintain the accreditation for the Customer Service Excellence Standard. The assessment confirmed that the service has retained the 7 compliance pluses from last year and gained an additional one compliance plus from the assessment this year.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from the proposals.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals, as it is the view of Officers that the breaches reported in section 5.3.2 are not of material significance to the Pension Regulator.

6.3 Risk

6.3.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

The Fund's full risk register can be found on the Fund's website at the following link:
[Northamptonshire Rick Register](#)

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report -

- To 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.
- To 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.
- To 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.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

6.5 Consultation

6.5.1 Not applicable.

Appendix A - Key Performance Indicators – 1 June to 30 September 2021

Function/Task	Indicator	Target	Month	Completed	Within Target	Over Target	% Within Target	RAG	Comments
Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.		90%	June	142	133	9	93	Green	SLA target met
			July	116	113	3	97	Green	SLA target met
			August	138	126	12	91	Green	SLA target met
			September	83	74	9	89	Amber	SLA target not met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	June	34	31	3	91	Amber	SLA target not met
			July	42	40	2	95	Green	SLA target met
			August	27	23	4	85	Amber	SLA target not met
			September	55	50	5	90	Amber	SLA target not met
Payment of pension benefits from deferred membership status.	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	June	49	36	13	73	Red	SLA target not met
			July	49	36	13	73	Red	SLA target not met
			August	33	24	9	72	Red	SLA target not met
			September	82	62	20	75	Red	SLA target not met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	June	26	26	0	100	Green	SLA target met
			July	26	26	0	100	Green	SLA target met
			August	24	24	0	100	Green	SLA target met
			September	28	28	0	100	Green	SLA target met
Provide a maximum of one estimate of benefits to employees per request – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	80%	June	60	58	2	96	Green	SLA target met
			July	61	59	2	96	Green	SLA target met
			August	47	47	0	100	Green	SLA target met
			September	21	20	1	95	Green	SLA target met

Appendix A - Key Performance Indicators – 1 June to 30 September 2021

Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	June	37	36	1	97	Green	SLA target met
			July	46	44	2	95	Green	SLA target met
			August	28	28	0	100	Green	SLA target met
			September	18	15	3	83	Amber	SLA target not met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	June	10	9	1	90	Green	SLA target met
			July	23	23	0	100	Green	SLA target met
			August	32	29	3	90	Green	SLA target met
			September	21	21	0	100	Green	SLA target met

Green: Equal to or above Service Level Agreement (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 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.

Appendix B – Timeliness of payment of scheme employer and member pension contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
September 2020	98.5	1.5	98.3	1.7
October 2020	99.1	0.9	98.8	1.2
November 2020	99.7	0.3	98.9	1.1
December 2020	99.1	0.9	98.7	1.3
January 2021	99.7	0.3	99.7	0.3
February 2021	99.4	0.6	99.7	0.3
March 2021	100	0	97.9	2.1
April 2021	100	0	100	0
May 2021	100	0	100	0
June 2021	100	0	100	0
July 2021	99.7	0.3	98.2	1.8
August 2021	100	0	100	0
Average for period	99.6	0.4	99.2	0.8

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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West Northamptonshire Council

Pension Committee

15/12/2021

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund - Business Plan and Medium Term Strategy Update Report to 31 October 2021.
Report Author	Jo Kent, Governance and Regulations Manager Joanne.kent@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Geoff Wild	22/11/2021
S151	James Smith	24/11/2021
Head of Pensions	Mark Whitby	22/11/2021

List of Appendices

Appendix A – Full list of the key fund activities for the 2021/22 financial year.

Appendix B - Variances against the forecast of investments and administration expenses based on original setting of assumptions

Appendix C – Valuation Plan

1. Purpose of Report

- 1.1 Good governance requires that updates to the pre-agreed Annual Business Plan and Medium-Term Strategy are provided to the Committee on a regular basis. This update highlights the progress made on the key activities for the period up to the end of 2021/22 financial year.

2. Executive Summary

- 2.1 The Northamptonshire Pension Fund have for many years considered it good governance to have in place a Business Plan and Medium Term Strategy that is reviewed on an annual basis for the start of the next financial year.
- 2.2 The report summarises the progress made on each activity for the period under review.

3. Recommendations

- 3.1 The Pension Committee is asked to note the Business Plan Update to 31 October 2021

4. Report Background

4.1 Re-tender for strategic investment advisory services

4.1.1 Background: This continued the work undertaken in 2020/21 to re-tender the investment advisory services contract that was previously awarded to Mercer LLC that expired on 30 September 2021 by performing a mini competition on the National LGPS Framework.

4.1.2 The November 2020 Investment Sub-Committee approved the timetable and the proposed contract term for the Consultancy re-tender and approved the launch of a re-tender for the Investment Management Performance Reporting contract currently provided by Mercer, should this be necessary.

4.1.3 This was a joint procurement with the Cambridgeshire Pension Fund for a single supplier to benefit from the efficiencies of a shared service. Each Fund will have separate contractual arrangements.

4.1.4 Key milestones:

Key Milestones	Dates	On target for completion?
Notify successful supplier	April 2021	Completed
Complete Consultancy procurement / complete National Frameworks Order	June 2021	Procurement completed Order will be completed in line with new contract (see below)
Complete Management Performance Reporting procurement	June 2021	Not applicable
Transition/handover (including historical performance data)	July 2021 to September 2021	Not applicable
New contract begins	1 October 2021	Delayed (see below)
Strategy health check	31 March 2022	On target

4.1.3 Update: The successful supplier was the Fund's incumbent strategic adviser, Mercer. Officers are currently working on completing the contract with Pathfinder Legal Services and Mercer. Completion was delayed due to a revised attestation clause being needed due to the value of the contract. As the existing contract expired on 30 September 2021, Officers have extended the current contract under the existing terms until either when the new contract is signed or the 31 December 2021.

4.2 Retender for global custody services

4.2.1 Background: This continues the work undertaken in 2020/21 with Funds in the ACCESS pool to launch a revised framework for Global Custody Services under the National LGPS Frameworks. The Pension Committee approved in principle the collaborative procurement of a global custodian, alongside ACCESS partners, in sufficient time to transition the Fund's custody arrangements to the chosen provider (if a change from the current provider) before the expiry on 30 September 2021 of the Fund's extended contract with Northern Trust. Delivery of this activity is dependent upon collaboration with ACCESS partners in calling off the new framework.

4.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Work with ACCESS partners to call off a common custodian.	December 2020 to 30 September 2021 (revised date, formerly June 2021)	Completed
Complete transition to the new custodian (if required).	July 2021 to September 2021	Not applicable

4.2.3 Update: Completed, the contract has now been signed by all parties.

4.3 Review contracts for actuarial, benefits and governance consultancy services

4.3.1 Background: The existing separate contracts for actuarial, benefits and governance consultancy services are due to expire on 1 April 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether the separate contracts should be extended together at or if it is appropriate to conduct procurements earlier to tie in with future activity required from these contracts. The procurement will be on a joint basis with the Cambridgeshire Pension Fund using the National LGPS Framework.

4.3.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	June 2021	Completed

4.3.3 Update: No further update following the decision made in July to extend the Actuarial Services contract by 12 months and to re-tender for the Benefits and Governance Consultancy Services in line with the expiry of the existing contract on 1 April 2023.

4.4 Re-tender for pensions administration and pensioner payroll platform

4.4.1 Background: The Fund currently uses Aquila Heywood Ltd's Altair product as its pensions administration and payroll platform. The contract with Aquila Heywood Ltd was extended in September 2021 by a further three years to enable minimum disruption with the commencement of the Future Northants programme, the pandemic and the forthcoming work required of the age discrimination remedy (McCloud).

A competitive procurement process will need to be undertaken using the National LGPS Framework at least 18 months in advance of the end of the existing contract (September 2024) to ensure that there is sufficient time to complete a successful migration of data if a new supplier is procured.

4.4.2 Key milestones:

Key Milestones	Dates	On target for completion?
Obtain and complete National LGPS Framework documents	September 2022	On target
Commence procurement process	1 April 2023	On target
Award contract to successful supplier	1 October 2023	On target
Start date of contract	1 October 2024	On target

4.4.3 Update: No planned activity scheduled for this reporting period.

4.5 Undertake administrative actions in connection with the Local Government Reorganisation in Northamptonshire

4.5.1 Background: With effect from 1 April 2021 West Northamptonshire Council (WNC) and North Northamptonshire Council replace the existing eight local authorities in Northamptonshire, with WNC becoming the administering authority for the Northamptonshire Pension Fund. Approximately 7,700 scheme members are impacted by this change. The material administrative actions required in connection with this change will be monitored and reported under this business plan activity.

4.5.2 Key milestones:

Key Milestones	Dates	On target for completion?
Update scheme member records by automatic aggregation to reflect each member's new unitary employer.	April to June 2021	Completed
Disaggregate records and issue benefit awards where scheme members so elect (monitor volumes).	April 2021 to March 2022	On target
Process early leaver and redundancy awards arising from service reviews (monitor volumes).	April 2021 to March 2023	On target
Provide member estimates as required as each service review takes place (monitor volumes).	April 2021 to March 2023	On target

4.5.3 Update: Members have been advised that there is a twelve-month time period for the Pension Service to receive elections to disaggregate benefits. Officers are currently monitoring incoming requests from members who have elected to disaggregate and processing them accordingly.

4.6 Review Business Continuity Plan

4.6.1 Background: The Business Continuity Plan (BCP) covering the Fund's governance and administration will need to be reviewed following the creation of WNC (the administering authority) on 1 April 2021 to ensure the arrangements previously in place remain to support the delivery of the Pensions Service. In addition, it is now business as usual to ensure that the Fund's external suppliers, such as those that provide and host the pensions administration and payroll platform, regularly supply detailed confirmation that they have satisfactorily carried out disaster recovery and penetration testing.

4.6.2 Key milestones:

Key Milestones	Dates	On target for completion?
Draft revised BCP utilising new Lead Authority (West Northamptonshire Council) BCP template	By October 2021 and rescheduled to November 2021	Completed.

Key Milestones	Dates	On target for completion?
Scrutiny of business continuity arrangements by the Local Pension Board	November 2021	Rescheduled to January 2022
Update the Pension Committee on business continuity arrangements.	December 2021	Rescheduled to March 2022

4.6.3 Update: A corporate BCP template has now been acquired from WNC and has been completed to reflect the new arrangements within WNC and to look at wide range of scenarios such as loss of premises and loss of IT. The delay in receiving the new template has meant that the Local Pension Board of the new Business Continuity Plan will be undertaken in January 2022 and the Pension Committee will be updated at the meeting in March 2022.

4.7 Develop the Fund's cyber-resilience strategy

4.7.1 Background: The Pensions Regulator and other industry bodies have expressed the concern that pension funds are not taking sufficient positive action to prevent themselves (including scheme members) from being victims of cyber-crime. In particular, the Regulator is concerned that LGPS Funds are relying too much on their respective administering authorities to put appropriate measures in place to protect Fund assets and data.

4.7.2 Work was undertaken in 2020/21 to assess the Fund's level of Cyber-Resilience through a survey conducted by a specialist cyber resilience team at Aon, the Fund's governance advisers. The survey results highlighted a number of activities to be undertaken to demonstrate improved resilience which will be undertaken during the course of 2021/22.

4.7.3 Key milestones:

Key Milestones	Dates	On target for completion?
Develop a cyber-resilience strategy and action plan.	April to June 2021	Completed and updated in November 2021
Undertake mapping of data and asset flows.	April to June 2021	Completed
Submit survey to higher risk suppliers to ascertain their approach to cyber-resilience. Aon's specialist cyber-resilience team to analyse survey responses and provide feedback.	April to June 2021	Surveys issued in October 2021 and responses due to be analysed by February 2022
Local Pension Board to provide scrutiny of cyber-resilience strategy and action plan.	July 2021	Completed
Pension Committee to approve cyber-resilience strategy and action plan.	October 2021	Completed

4.7.4 Update: The Cyber-Resilience Strategy and action plan was approved in October and revised again in November to take into account further actions and realignment of activities deemed priority. The mapping of the Fund's data and asset flows has now been completed with the four riskiest suppliers to the Pension Fund identified. The four suppliers have been sent the survey to ascertain their approach to cyber security. The responses will be analysed by Aon's specialist cyber security team with feedback to be presented at the next meeting of the Pensions Committee.

4.8 Obtain the Pension Administration Standards Association (PASA) accreditation

4.8.1 Background: Obtaining the PASA accreditation will demonstrate to the stakeholders of the Fund that quality operations are in place where the performance and capabilities of the administration and governance functions are in line with those of higher quality organisations providing pensions administration services. Once achieved the accreditation is granted for a three-year period subject to an annual certification process.

4.8.2 Key milestones:

Key Milestones	Dates	On target for completion?
Commence preparation and collation of assessment material.	April 2022	On target
Provide information to PASA for assessment.	March 2023	On target
Hold site visit and receive assessment results	2023/24	On target

4.8.3 Update: No planned activity scheduled for this reporting period.

4.9 Complete the Guaranteed Minimum Pension Rectification

4.9.1 Background: Following the end of contracting-out on 6 April 2016 it has been necessary for all pension schemes to reconcile their scheme members' contracted out liability against that recorded by HMRC. The Fund outsourced the majority of the reconciliation and rectification exercise to ITM Limited. The reconciliation stage of this completed in 2019/20, however following the delay in HMRC issuing the final file of data, the rectification stage was not able to commence during 2020/21. It is now ready to commence in 2021/22 but with the same anticipated completion date as previously estimated.

4.9.2 Key milestones:

Key Milestones	Dates	On target for completion?
Produce project plan to rectify the member records that require amendments.	April 2021	Completed
Implement project plan.	June to December 2021	On target

4.9.3 Update: Final files required to update the Pension Administration System were received and records have been updated using the guaranteed minimum pension rectification tool purchased from Heywoods. Following analysis of the data uploaded, notifications to members affected by the changes are due to start from January 2022.

4.10 Prepare for the application of the McCloud age discrimination remedy

4.10.1 Background: As a result of the ruling in the McCloud it will be necessary for LGPS Funds to look at every scheme member who was in active membership of the scheme on 1 April 2012 to see if the impact of the remedy requires an amendment to the member's accrued benefits.

4.10.2 MHCLG released a consultation in 2020/21 detailing proposed amendments to the LGPS regulations as a result of the remedy and a response to the consultation is still pending. It is understood that LGPS Funds will need to begin work on rectifying records in 2022/23 and in the meantime an exercise is required to collect data relevant to the accurate calculation of the remedy, namely, hour changes and breaks in membership, where this has not previously been provided by scheme employers.

4.10.3 Key milestones:

Key Milestones	Dates	On target for completion?
Issue data collection template to identified employers.	June 2021	Completed.
Work with employers to collect the data required.	Rescheduled to October to December 2021 (previously June to October 2021)	On target
Make necessary amendments to member records for previously missing data.	June 2021 to March 2022	Still targeting completion by March 2022
Send communications to members (upon release of amended LGPS Regulations).	Expected to be April 2022 (pending guidance from DLUHC).	On target
Application of the revised underpin (following release of amended LGPS Regulations).	Expected to commence in 2022/23 DLUHC to provide guidance on this matter, including time period within which this work will be undertaken).	On target

4.10.4 Update: Data collection templates were issued to all scheme employers highlighting employees who may be affected by the changes. The deadline for the completion of these templates was 19 November 2021 and 112 out of 477 employers had been completed and returned their data at this time.

4.10.5 Some larger payroll providers have been granted an extension to supply the data, namely WNC and EPM to the 17 December 2021. There are also some employers in the Fund that have been granted an extension as they did not receive the template within their organisations within sufficient time to meet the deadline.

4.10.6 In addition, the team is working through queries with some employers and these are expected to be resolved shortly.

4.10.7 The Committee will be further updated on progress at the March 2022 meeting.

4.11 Prepare for the 2022 Valuation of the Pension Fund

4.11.1 Background: Work with the Fund’s actuarial advisors to develop requirements and plan for the triennial valuation of the Pension Fund. The valuation date is 31 March 2022 with results to be published by 31 March 2023 and new employer contribution rates effective from 1 April 2023.

4.11.2 Key milestones:

Key Milestones	Dates	On target for completion?
Develop valuation plan with Fund Actuary	April to June 2021	Completed
Undertake pre-valuation activities	July 2021 to March 2022	On target
Valuation of the Pension Fund	April 2022 to March 2023	On target
Triennial valuation results published	31 March 2023	On target
Implementation of revised employer contribution rates	April 2023 onwards	On target

4.11.3 Update: A plan and timeline for valuation activities has been agreed with the Actuary and preparation activities commenced in August 2021. Activities at this stage include preparing membership data for the actuary to begin data cleansing activities; contribution rate modelling for large Scheduled bodies (large Councils and the Police and Fire authority) and completion of information gathering to assess the covenant strength of the Fund’s riskiest employers. A revised plan has been included with this report showing any completed activities and movements in planned activities.

4.12 Processing of undecided leaver records

4.12.1 Background: The Fund has a number of unprocessed leaver records where a member has left a period of pensionable employment, is not entitled to immediate payment of pension benefits, but is entitled to either a refund of contributions, aggregation with another period of pensionable membership and/or a deferred pension award. The number of these cases has historically grown due to 1) scheme employers not notifying the Fund that members of the scheme have left their employment 2) scheme employers providing late monthly reporting and 3) the volume of employer data that has to be queried.

4.12.2 The Fund will treat a case as a backlog case if it is six months or more from the date of notification by the scheme employer. Cases within six months of notification will be identified as business as usual cases. Statutory disclosure requirements are completed immediately on notification of an exit by the scheme employer.

4.12.3 Key milestones:

Key Milestones	Dates	On target for completion?
Baseline volumes and develop action plan	April to June 2021	Completed
Process cases in accordance with action plan	Throughout 2021/2022	On target
Process cases in accordance with action plan	2022/2023	On target

4.12.4 Update: As of 30 September 2021, the number of identified undecided leaver records that are more than 6 months old was 8,161. This is an increase of 335 since 31 July 2021. The increase is despite the processing of backlog cases by the Projects team and due to some business as usual cases becoming aged as they could not be completed within 6 months of notification. A comprehensive action plan has been developed to improve employer and administering authority side processes in connection with this activity, as well as any recruitment and performance issues being addressed. An additional post has been added to the BAU team to help stabilise volumes.

4.13 Scope and conduct potential liability reduction exercise

4.13.1 Background: The Fund has an increasing number of records belonging to members that are due a refund of pension contributions (due to having insufficient membership within the LGPS to be awarded a pension entitlement and with the member not having claimed a refund) and also a large number of pensions in payment of a very low value that could be fully commuted into a one-off payment, extinguishing the Fund from any future liability.

4.13.2 It has become increasingly common for pension schemes to look at ways of reducing the number of such records, communicating with these members in order to assess their eligibility and desire to receive payment of the refund or fully commute their benefits.

4.13.3 Key milestones:

Key Milestones	Dates	On target for completion?
Conduct exercise (to review and offer refund options to members).	April 2021 to March 2022	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers. This activity will be resumed when other statutory projects and activities have been completed and resources allow. This is not a statutory activity.

Key Milestones	Dates	On target for completion?
Scope exercise, formulate project plan and conduct exercise (small commutable pensions).	April 2022 to March 2023	Postponed with effect from October 2021 to focus resources on the processing of undecided leavers. This activity will be resumed when other statutory projects and activities have been completed and resources allow. This is not a statutory activity.

4.13.4 Update: Further activity in connection with chasing members for historically unclaimed refunds has been postponed to enable Officers to concentrate on higher priority activities, including the processing of leavers. Any refunds requested by members will continued to be processed as a business as usual activity as well as issuing new refund options as and when required.

4.14 Undertake a review of the Fund’s Additional Voluntary Contributions (AVC) providers.

4.14.1 Background: At the October 2019 meeting of the Pension Committee a review of the Fund’s two AVC providers was presented with a recommendation that Standard Life be closed to currently contributing members. The recommendation was accepted, which would leave Prudential as the only remaining AVC provider that active members of the scheme could pay additional contributions to. Members paying AVCs to Standard Life would have the option to switch payment of their additional contributions to Prudential and would be able to leave their accumulated funds with Standard Life until such times as they need to utilise them or transfer them to Prudential also.

4.14.2 Standard Life has remained an active provider within the Fund due to the impact of the pandemic. However, over the last year LGPS Funds across the country have collectively become concerned about the administrative performance of Prudential, citing cases of not allocating contributions to members’ accounts in a reasonable time period and the disinvestment of funds from members’ accounts taking several months to complete. As a result, Officers need to undertake a further review of Prudential and Standard Life’s administrative performance to ensure the decision made in October 2019 remains in the best interest of scheme members. The Fund’s governance advisors, Aon have been commissioned to undertake this review.

4.14.3 Key milestones:

Key Milestones	Dates	On target for completion?
Aon to undertake the review	1 April 2021	No, Prudential have been unable to provide information to Aon for the review due to wider performance issues. Officers will discuss with Aon whether the review can recommence in January 2022.
Officers to consider outcome of review	May 2021	No (as above)
Present findings of review to Pension Committee	July 2021	No (as above)
Plan and undertake the required actions as a result of the review (as approved by Pension Committee)	August 2021 (onwards)	No (as above)

4.14.4 Update: Officers are continuing to monitor the administrative performance of Prudential although some issues are slowly improving but others remain. Aon have been unable to obtain information from Prudential to conduct their review at this stage so this matter will remain closely monitored and reviewed again in January 2022. The Pensions Regulator and the Local Government Association are aware of the ongoing issues with Prudential.

4.15 Implement multiple investment strategies

4.15.1 Background: With an increasing number and variety of scheme employer participating in the Fund it is prudent to consider whether greater flexibility is required to meet the different funding requirements of these scheme employers, who may have different investment risk appetites and whose scheme membership may have vastly differing levels of maturity. This project will look to create a small number of “investment buckets” into which different categories of scheme employer could be allocated. This activity builds on the investigatory and scoping work carried out in 2020/21.

4.15.2 Key milestones:

Key Milestones	Dates	On target for completion?
Consider impact modelling by Fund Actuary.	April 2021 to May 2021	Completed
Pension Committee to decide whether to proceed.	Rescheduled to 11 October Committee (formerly July 2021)	Completed
Devise and implement action plan.	August 2021 to September 2022	Not applicable

4.15.3 Update: No further action following the decision not to proceed at the previous meeting.

4.16 Conduct specific employer covenant monitoring

4.16.1 Background: Officers are working with the Fund Actuary and Price Waterhouse Cooper (PWC) to carry out covenant assessments of those employers considered to present the greatest financial risk to the Fund. This activity will involve engaging with the relevant employers to explain the process and collect information to allow PWC to carry out a covenant assessment and for the Actuary and PWC to advise on the results and appropriate actions to be taken.

4.16.2 Key milestones:

Key Milestones	Dates	On target for completion?
Issue and collect covenant monitoring questionnaire to relevant employers	April 2021 to June 2021	Completed
Issue collated responses to PWC for analysis	July 2021 to August 2021	Completed
Discuss results and next steps with the Actuary and PWC	September 2021 to October 2021	On target
Incorporate results of covenant monitoring into 2022 valuation planning	November 2021 to March 2022	On target

4.16.3 Update: An initial meeting was held with PWC at the end of October to discuss the high level results of the covenant monitoring and next steps. A summary of the results was presented to relevant employers at the Employer Forums in November and PWC identified those employers where the assessment raised particular concerns and advised that officers should contact these employers to discuss the results. It was also agreed to arrange a further meeting, including the Fund Actuary to discuss how the results will be used in the valuation and contribution rate setting process.

4.17 Continue development of the asset pool

4.17.1 Background: The ACCESS asset pool development is a long-term project. 2021/22 will see the Fund's final liquid assets transfer into the pool as the remaining tranches of sub-funds are established in the asset pool. In parallel, ACCESS is developing a pool level solution for investing in illiquid assets. The Fund has additional sub-fund requirements not yet part of the ACCESS launch plan. Engagement with ACCESS partners is required to promote these requirements, including around Responsible Investment, in order to achieve timely inclusion.

4.17.2 Dates for completion are dependent upon the approval of the Joint Committee for creating the necessary sub-funds, FCA approval and resolution of other limiting factors. The dates reflect the targets for submission of business cases for the respective sub-funds to the asset pool.

4.17.3 Key milestones:

Key Milestones	Dates	On target for completion?
Liquid Assets – implement tranches as they arise.	2021/22 to 2022/23	On target
Illiquid Assets – Continue to support the illiquid assets pooling solution.	2021/22 to 2022/23	On target
Promote the Fund's requirements.	2021/22 to 2022/23	On target

- 4.17.4 Update: The Fund will be transferring its existing investment in the M&G Alpha Opportunities Fund into a new ACCESS sub-fund – at the time of writing, this was on schedule for 1 December 2021.
- 4.17.5 Illiquid assets- The procurement for the implementation adviser was completed and the standstill period ended on the 4th October 2021. Essex County Council procurement team have confirmed that MJ Hudson was the successful supplier. The ACCESS Support Unit and Essex County Council Procurement team are currently finalising the contract with MJ Hudson.
- 4.17.6 Promoting the Fund’s requirements- Officers will submit the request to launch the Bluebay sub fund once the ACCESS Joint Committee approves the sub-fund protocol that is due to be presented in the December Joint Committee.

4.18 Review the Fund’s Responsible Investment Policy

- 4.18.1 Background: This continues the work undertaken in 2020/21 to revise the Fund’s Responsible Investment (RI) Policy for incorporation in the Investment Strategy Statement (ISS). The revised ISS will be issued for consultation during Q1 2021/22 and feedback considered by the Pension Committee before final approval.
- 4.18.2 The Fund will also work with its advisers, partner ACCESS funds and Link to develop a governance and reporting framework to monitor compliance with the Fund’s RI Policy.

4.18.3 Key milestones:

Key Milestones	Dates	On target for completion
Commence 30 day consultation with Fund stakeholders on the revised Investment Strategy Statement	April to June 2021	Completed
Pension Committee approval of revised ISS	December 2021 (formerly October 2021)	On target – being presented at this meeting.

- 4.18.4 Update: The ISS was reviewed at the September ISC with no comments provided. The ISS will be presented at this meeting for approval. This was deferred to the December meeting due to a full agenda at the October Pension Committee.

4.19 Review the Property Strategy

- 4.19.1 Background: The Fund’s Property investments comprise a multi manager mandate managed by CBRE and residential investments in the Private Rented Sector and Shared Ownership property funds managed by M&G, which mainly comprise UK based assets. A periodic review of these mandates will be undertaken, considering the underlying investment funds and their performance with a focus on the appropriateness of the allocations both geographically and by sector and the relevance of the performance benchmarks and targets. This review will include consideration of possible enhancements to the property strategy, especially considering the expected benefits falling out of the pooling agenda.
- 4.19.2 The output of the review will be used to inform the Fund’s requirements from the ACCESS illiquid asset programme, the implementation of which will be dependent upon the path to migrate to the ACCESS solutions.

4.19.3 Key milestones:

Key Milestones	Dates	On target for completion?
Commence the review	October 2021	Completed
Complete the review and submit report to the Investment Sub Committee	February 2022	On target
If a change to Strategic Allocation, approval by Pension Committee	March 2022	On target
Communicate the Fund's requirements to the ACCESS pool	April 2022	On target

4.19.4 Update: Officers have reviewed the scope for the property investment review with the Independent Adviser and Mercer are currently working on the report for the February meeting of the ISC.

4.20 Review of Performance Reporting and Benchmarks

4.20.1 Background: This review will focus on the efficient measurement of the Fund's wide-ranging investment mandates in order to appropriately gauge that those mandates are delivering expected levels of return and, indeed, meeting the strategic investment needs of the Fund. The existing performance reports are comprehensive and complex, however, there is concern that they contain inappropriate benchmark comparisons and complicate effective decision-making. Wider considerations such as delivery of responsible investment requirements further impact this subject.

4.20.2 The sources of information for performance reporting reflect the wide-ranging number of mandates the Fund has and the quality and timeliness of information available from those sources.

4.20.3 This review will evaluate the strengths and weaknesses of the current report and explore options to improve the quality and clarity of reporting.

4.20.4 The key participants will be Officers, the Fund's consultant and Independent Adviser utilising other third parties as required, with a report on the outcome presented to Investment Sub Committee members.

4.20.5 Key milestones:

Key Milestones	Dates	On target for completion?
Commence the review	April 2021	Completed
Report to the Investment Sub-Committee	November 2021	Completed
Implement revised reporting	March 2022	Completed

4.20.6 A revised reporting template has been used for the September 2021 quarterly performance report and will be updated based on feedback from ISC Members.

5. Additional key activities for 2021/22

5.1 Review contract for specialist pensions legal services

5.1.1 Background: The existing contract for specialist pensions legal services, as currently held by Squire Patton Boggs, is due to expire on 4 February 2023 with the option to extend for a further 12 months. Consideration will need to be given as to whether to extend this contract or extend for a further 12 months. The procurement will be on a joint basis with the Cambridgeshire Pension Fund using the National LGPS Frameworks.

5.1.2 Key milestones:

Key Milestones	Dates	On target for completion?
Decision whether to procure or extend each contract	February 2022	Decision at March 2022 Committee

5.1.3 Update: No planned activity scheduled for this reporting period.

5.2 Review the Pension Regulator's revised Code of Practice

5.2.1 Background: In March 2021 the Pensions Regulator launched a consultation on its revised code of practice. The code of practice sets out how the Pensions Regulator expects LGPS Pension Committee Members, Board Members, Section 151 Officers and administrators to administer, govern and manage their pension schemes. The revised code consolidates (with updates and amendments) most of the existing 15 codes of practice providing a single up to date and consistent source of information. The revised code is expected to come into force in November 2021 from which point pension schemes have six months to demonstrate full compliance with the code.

5.2.2 Key milestones:

Key Milestones	Dates	On target for completion?
Identify revisions to the code of practice that require changes to processes, policies and strategies and produce an action plan to achieve compliance with the new requirements within six months	November/December 2021	Rescheduled to Spring/Summer 2022 due to the code of practice release date being delayed
Present action plan to the Pension Fund Board	January 2022	2022/23
Present progress against the action plan to the Pension Fund Board and Pension Committee	June/July 2022	2022/23

5.2.3 Update: No planned activity scheduled for this reporting period.

6. Issues and Choices

6.1 This report is for noting only as the Pension Committee approved the Business Plan and Medium Term Strategy 2021/22 on 26 March 2021.

7 Implications (including financial implications)

7.1 Resources and Financial

7.1.1 The financial estimates and associated budgets included with the Business Plan and Medium Term Strategy were approved by the Pension Committee on 26 March 2021.

7.1.2 Performance against the financial estimates in the Business Plan will be presented to the Pension Committee and Board each meeting. The Business Plan sets out the cost of each activity where known and where costs become known during the course of the year the Pension Committee and Board will be updated accordingly.

7.2 Legal

7.2.1 There are no legal implications arising from the proposals.

7.3 Risk

7.3.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Those charged with the governance of the Fund and scheme are unable to fulfil their responsibilities effectively	Green
Pension Fund objectives are not defined and agreed.	Green
Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

7.3.1 Please see the full [Northamptonshire Risk Register](#)

7.4 Relevant Pension Fund Objectives

7.4.1 The following objectives have been considered in this report -

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

7.5 Consultation

7.5.1 Not applicable.

8. Background Papers

8.1 [Northamptonshire Business Plan](#)

Appendix A – Key activities for the year

Activity	Area	Period	On target
Retender for strategic investment advisory services	Procurement of services	April 2021 to 31 March 2022	Yes
Re-tender for global custody services	Procurement of services	December 2020 to September 2021	Yes
Review contracts for actuarial, benefits and governance consultancy services	Procurement of services	June 2021	Yes
Retender for pensions administration and pensioner payroll platform	Procurement of services	September 2022 to October 2024	Yes
New: Review contract for specialist pensions legal services	Procurement of services	February 2022 to March 2022	Yes
Undertake administrative actions in connection with the Local Government Reorganisation in Northamptonshire	Core services and governance activities	April 2021 to March 2023	Yes
Review Business Continuity Plan	Core services and governance activities	October 2021 to December 2021	Yes
Develop the Fund's cyber-resilience strategy	Core services and governance activities	April 2021 to October 2021	Yes
Obtain the Pensions Administration Standards Association (PASA) accreditation	Core services and governance activities	April 2022 to 2023/24	Yes
New: Review the Pension Regulator's revised Code of Practice	Core services and governance activities	November 2021 to July 2022	Yes
Complete the Guaranteed Minimum Pension Rectification	Scheme member data projects	April 2021 to December 2021	Yes
Prepare for the application of the McCloud age discrimination remedy	Scheme member data projects	June 2021 to 2022/23	Yes
Prepare for the 2022 Valuation of the Pension Fund	Scheme member data projects	April 2021 to April 2023 onwards	Yes
Processing of undecided leaver records	Scheme member data projects	April 2021 to 2022/23	Yes
Scope and conduct potential liability reduction exercises	Scheme member data projects	April 2021 to March 2023	No
Undertake a review of the Fund's Additional Voluntary Contributions (AVC) providers.	Scheme member data projects	April 2021 to August 2021 onwards	No
Implement multiple investment strategies	Scheme employer projects	April 2021 to September 2022	Yes
Conduct specific employer covenant monitoring	Scheme employer projects	April 2021 to March 2022	Yes
Continue development of the asset pool	Investment related activities	2021/2022 to 2022/23	Yes

Review the Fund's Responsible Investment Policy	Investment related activities	April 2021 to October 2021	Yes
Review the Property Strategy	Investment related activities	October 2021 to April 2022	Yes
Review of Performance Reporting and Benchmarks	Investment related activities	April 2021 to March 2022	Yes

Appendix B – Variances against the forecast of investments and administration expenses based on original setting of assumptions

Fund Account	2021/22 Estimate	2021/22 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(107,000)	(110,000)	(3,000)	Contributions in line with current membership numbers
Transfers in from other pension funds	(7,000)	(11,000)	(4,000)	Demand led
Total income	(114,000)	(121,000)	(7,000)	
Benefits payable	100,000	105,000	5,000	Benefits in line with current membership numbers.
Payments to and on account of leavers	7,000	9,000	2,000	Demand led
Total Payments	107,000	114,000	7,000	
Net (additions)/withdrawals from dealings with members	(7,000)	(7,000)	-	
Management Expenses	3,367	3,398	31	See below
Total income less expenditure	(3,633)	(3,602)	31	
Investment income	(35,000)	(35,000)	-	Actual Q2 return followed by actuarial long term growth assumption
Taxes on income	-	-	-	
(profit) and losses on disposal of investments and changes in the market value of investments	(117,000)	(224,452)	(107,452)	
Net return on investments	(152,000)	(259,452)	(107,452)	
Net (increase)/decrease in the net assets available for benefits during the year	(155,633)	(263,054)	(107,421)	

Management Expenses	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,247	2,310	63	See below
Total Governance Expenses	675	643	(32)	Consultancy costs and legal costs lower than expected as at October 2021
Total Investment Invoiced Expenses	445	445	-	
Total Management Expenses	3,367	3,398	31	

Administration Expenses Analysis	2021-22 Estimate	2021-22 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,461	1,459	(2)	
Altair administration and payroll system	299	326	27	Altair insights addendum
Data projects	46	87	41	McCloud change request
Communications	21	21	-	
Other Non-Pay and Income	15	12	(3)	
County Council Overhead Recovery	405	405	-	TBC by end of the financial year
Total Administration Expenses	2,247	2,310	63	

Month	Activity
Nov-Dec 2021	<ul style="list-style-type: none"> • Data cleanse using March 2021 data • Contribution rate modelling for Council employers (plus Police and Fire) • Issue “warm-up” valuation communication to Council employers (plus Police and Fire) • Employer valuation engagement kick-off alongside results of covenant analysis • Assumption-setting analysis and officer discussion
Jan 2022	<ul style="list-style-type: none"> • Discuss contribution rates for Council employers (plus Police and Fire) with officers and CFOs
Feb 2022	<ul style="list-style-type: none"> • Deliver virtual valuation training session to Committee
March 2022	<ul style="list-style-type: none"> • Agree initial assumptions with officers • Present initial assumptions and results of contribution rate modelling to Committee
July 2022	<ul style="list-style-type: none"> • Provision, validation and sign-off of valuation data
Sep 2022	<ul style="list-style-type: none"> • Provision of whole fund results • Provision of draft Funding Strategy Statement (FSS)
Oct 2022	<ul style="list-style-type: none"> • Discuss whole fund results with Committee • Approve draft FSS for stakeholder consultation • Employer results discussed and agreed
Nov 2022	<ul style="list-style-type: none"> • FSS released for stakeholder consultation • Share employer results and proposed contributions • Host employer forums and meetings to discuss results
Dec 2022	<ul style="list-style-type: none"> • Agree final FSS
Dec–Feb 2023	<ul style="list-style-type: none"> • Consultation and discussions with employers
Mar 2023	<ul style="list-style-type: none"> • Agree final valuation report and certified rates
April 2023 – Aug 2024	<ul style="list-style-type: none"> • Supply data and liaise with GAD on Section 13 • Discuss Section 13 results

West Northamptonshire Council

Pension Committee

15/12/2021

Mark Whitby – Head of Pensions

Report Title	Risk Monitoring
Report Author	Michelle Oakensen, Governance Officer michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Geoff Wild	22/11/2021
S151	James Smith	24/11/2021
Head of Pensions	Mark Whitby	19/11/2021

List of Appendices

Appendix A – Amendments to the Risk Register

Appendix B - Northamptonshire Pension Fund Risk Register

1. Purpose of Report

1.1. To present to the Pension Committee with the Northamptonshire Pension Fund Risk Register.

2. Executive Summary

- 2.1 The Northamptonshire Pension Fund Risk Register is reviewed biannually by the Pension Committee and at every meeting of the Local Pension Board.
- 2.2 The Risk Register was last reviewed by the Pension Committee on 15 June 2021 and by the Local Pension Board on 4 November 2021.
- 2.3 Appendix A of this report contains the proposed amendments to the Risk Register.
- 2.4 Appendix B of this report contains the current Risk Register.
- 2.5 Section 5.2 of this report details the short to medium term risks that the Fund is actively managing at this time.

3. Recommendations

3.1 The Pension Committee is asked to review the Risk Register and advise if any further changes are required.

4. Report Background

- 4.1 The Northamptonshire Risk Strategy and Risk Register were reviewed and approved by the Pension Committee in March 2019. Following this approval, the Pension Board have reviewed the risks facing the Fund on a quarterly basis and the Pension Committee have reviewed on a bi-annual basis. This report is a continuation of the review process to ensure the risk register remains up to date and relevant.
- 4.2 At this time it was agreed that the Pension Board would monitor risks in a quarterly basis and the Pension Committee would review on a bi-annually basis, unless any concerns were raised by the Board prior to this.
- 4.3 This supports the Pension Regulator's Code of Practice 14 – Governance and administration of public service pension schemes with regards to monitoring and reviewing risks. Full details can be found - [Code of Practice](#).

5 Issues and Choices

5.1 Recommendations made by the Pension Board

- 5.1.1 The Risk Register was reviewed by Officers and incorporated feedback from the Pension Board during the meetings of 11 March, 1 July and 4 November 2021. Full details of the amendments made are in appendix 1 of this report. The changes have largely been as a result of increased activity surrounding pension scams and cyber security. Other changes have been as a result of service impacts such as not receiving data in a timely manner and recruitment and retention considerations.
- 5.1.2 Mitigations and scores have been reviewed across the board and updated where necessary to ensure the risk register remains as robust as possible and fit for purpose.
- 5.1.3 Committee members are asked to review the full risk register located in appendix 2 of this report and advise if any further changes are required.

5.2 Short to Medium term risks

5.2.1 Impact of the pandemic

- 5.2.1.1 The service has continued to predominantly work remotely during the period. Gradually some elements of the service have resumed such as face to face meetings and the allocation of increased working capacity allowing for increased administrative functions, this has particularly impacted the ability to make and receive calls.
- 5.2.1.2 During August and September, the Service saw an increase in staff illnesses such as Covid 19 and seasonal flu following previous lockdowns, this has impacted the Service's ability to maintain high standards of productivity in some areas and this will continue to be monitored.

5.2.2.1 On the 25 February 2021 the Restriction of Public Sector Exit Payments Regulations 2020 were formally revoked; however, it is expected that HM Treasury will draft new regulations to implement a public sector exit payment cap in short order. A public consultation has been promised before the new regulations are made in law. As with the now revoked exit payment cap legislation, the Pensions Service will need to repeat the communication activities undertaken with scheme members and scheme employers as well as make changes to the processes required for processing redundancy retirement benefits in accordance with the new regulations and associated guidance

5.2.3 Loss of knowledge from the Pension Committee and Pension Board

5.2.3.1 Following the local elections on the 6 May 2021, there have been new members appointed to both the Committee and Board. In order to ensure members have the required skills and knowledge to fulfil their duties an initial training session was delivered on 21 June 2021. This session provided a detailed explanation of how the Fund is governed and fiduciary duty.

5.2.3.2 Subsequent CIPFA skills and knowledge modules were delivered virtually from July to September 2021 by the Fund’s governance advisors, Aon.

5.2.3.3 All members are expected to undertake any missed training by the end of December 2021 in order to meet the training requirements of the Fund.

6 Implications (including financial implications)

6.1 Resources and Financial

None

6.2 Legal

None

6.3 Risk

6.3.1 The Pension Committee and Pension Board are expected to monitor risk and compliance and act appropriately where there is a cause for concern.

6.3.2 The risks associated with not monitoring risk and acting appropriately have been captured in the Fund’s risk register as detailed below.

Risk	Residual risk rating
Failure to understand and monitor risk and compliance	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

6.3.3 The Fund’s full risk register can be found in appendix 2.

6.4 Relevant Pension Fund Objectives

The following objectives have been considered in this report -

- To 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.
- To 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.
- To 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.
- To continually monitor and measure clearly articulated objectives through business planning.
- Deliver consistent plain English communications to stakeholders.
- Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
- Ensure cash flows in to and out of the Fund are timely and of the correct amount.

6.5 Consultation

6.5.1 Not applicable.

Appendix A – Amendments to the Risk Register			
Current Risk No	Risk	Change	Detail
3.	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Added mitigation	The Head of Pensions is chairing an ACCESS Task & Finish Group responsible for the development of Pool Guidelines and future ESG reporting requirements, ensuring the Fund's responsible investment needs are met.
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cyber-crime).	Updated risk	Risk separated from IT risk with specific mitigations applied (cyber-crime references removed from risk 16).
9.	Those charged with governance are unable to fulfil their responsibilities effectively.	Updated risk score Added Mitigation	Gross score increased to 12 (impact 3, likelihood 4) with no increase to the residual score due to new Committee and Board members. CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make.
10.	Risk of fraud and error	Added mitigations	Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. Aspects of the control environment are tested by Internal Audit and External Audit.
12.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Added mitigation	An Administration Strategy is in place setting out employer performance targets.

Current Risk No	Risk	Change	Detail
13.	Failure to recognise and manage conflicts of interest	Updated risk score Added mitigation	Residual likelihood increased to 3 which gives an overall score of 6. Governance and legal advice sought as required.
14.	Incorrect/poor quality data held on Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders	Risk score updated Added mitigations	Residual likelihood increased to 2 resulting in the overall rating moving to 6 from 3 due to delayed and incorrect information being received by the Fund. Dedicated Employer Services Team to query/chase data as required. Administration Strategy in place which sets out expectations of employers and potential sanctions. Escalation process in place for repeated incorrect or delayed data being received by the Fund.
16.	Pension Fund systems and data may not be secure and appropriately maintained	Added mitigations	Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice. Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties. Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks.
17.	Failure to administer the schemes in line with regulations and guidance	Added mitigation	Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.

Current Risk No	Risk	Change	Detail
20.	Actual experience materially differs from actuarial assumptions used at each valuation.	Added mitigations	<p>Investment performance is reported monthly to the Fund Actuary.</p> <p>A specialist longevity service is employed to provide accurate Fund specific longevity analysis.</p> <p>Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled.</p>
21.	Failure to act appropriately upon expert advice and/or risk of poor advice	Added mitigations	<p>Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</p> <p>Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice.</p>
24.	Unable to deliver pension services due to inadequate recruitment and retention processes.	<p>Updated risk score</p> <p>Added mitigation</p>	<p>Gross score to increase to 9 and residual risk increase to 6 due to current labour market shortages.</p> <p>Utilising additional recruitment avenues, allowing for a wider target audience.</p>

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Risk No	Risk	Relevant objectives	Responsible Lead(s)*	Risk Rating	Risk position
1	Employers unable to pay increased contribution rates.	9	E	12	→ 1
2	Failure to respond to changes in economic conditions.	15,16	A	12	→ 2
3	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	18, 19	A	9	→ 3
4	Contributions to the Fund are not received on the correct date and/or for the correct amount.	1,8,9,16	A	8	→ 4
5	Fund assets are not sufficient to meet obligations and liabilities.	2,16,17,19	A	8	→ 5
6	The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime)	10,11	ALL	8	→ 6
7	Information may not be provided to stakeholders as required.	14	ALL	6	→ 7
8	The Investment Strategy's Risk Reward profile does not match the requirements of the Fund.	16, 17,18	A	6	→ 8
9	Those charged with governance are unable to fulfil their responsibilities effectively.	2,3	G	6	→ 9
10	Risk of fraud and error.	2,10	ALL	6	→ 10
11	Failure to understand and monitor risk compliance.	5	G	6	→ 11
12	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	8	E	6	→ 12
13	Failure to recognise and manage conflicts of interest.	2,10	G	6	→ 13
14	Incorrect/poor quality information held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders	2,8,10,11	G	6	→ 14
24	Unable to deliver pension services due to inadequate recruitment and retention processes.	8	ALL	6	↑ 15
15	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	1,2,3	A	4	↓ 16
16	Pension Fund systems and data may not be secure and appropriately maintained	10,11	E	4	↓ 17
17	Failure to administer the scheme in line with regulations and guidance.	1,2,3,16	ALL	4	↓ 18
18	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	15	G	4	↓ 19
19	Pension Fund investments may not be accurately valued.	2,10,17,18	A	4	↓ 20
20	Actual experience materially differs from actuarial assumptions used at each valuation.	9, 17,18	E	4	↓ 21
21	Failure to act appropriately upon expert advice and/or risk of poor advice.	17,18,19,20	ALL	4	↓ 22
22	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	9,17,18	E	4	↓ 23

23	Unable to deliver pension services due to an inadequate business continuity plan.	8	ALL	4	↓ 24
25	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	1,2,3,19	A	4	→ 25
26	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	1,2,10	ALL	3	→ 26
27	Pension Fund objectives are not defined and agreed.	4	G	2	→ 27

Key

E	Employer Services and Systems Manager
A	Accounting and Investments Manager
G	Governance and Regulations Manager
O	Operations Manager
ALL	All Manager Responsibility

Overall responsibility rests with the Head of Pensions

Potential impact if risk occurred	5 Catastrophic	5	10	15	20
	4 Major	4	8	12	16
	3 Moderate	3	6	9	12
	2 Minor	2	4	6	8
	1 Insignificant	1	2	3	4
		1 Rare (5%)	2 Unlikely (15%)	3 Possible (40%)	4 Likely (65%)
		Likelihood of risk occurring			

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
1.	Employers unable to pay increased contribution rates.	4	4	16	R	<ul style="list-style-type: none"> Provisional contribution rates are consulted on with each scheme employer as part of the valuation process. Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible. 	4	3	12	A
2.	Failure to respond to changes in economic conditions.	4	4	16	R	<ul style="list-style-type: none"> The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters. The Fund receives quarterly performance reports which consider operational and strategic investment issues. A formal review of the strategic asset allocation is undertaken on at least a triennial basis. The Fund publishes an Investment Strategy Statement, incorporating a Responsible Investment Policy, which is regularly reviewed. The Fund has currency hedging and equity protection arrangements in place. Coronavirus pandemic: Increased engagement with investment managers and monitoring of asset movements. 	4	3	12	A

3.	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	4	4	16	R	<ul style="list-style-type: none"> Investment managers are required to take account of both financial and non-financial factors in their investment decisions. Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk. Managers are required to report regularly on their compliance with our ESG policy. The Head of Pensions is chairing an ACCESS Task & Finish Group responsible for the development of Pool Guidelines and future ESG reporting requirements, ensuring the Fund's responsible investment needs are met 	3	3	9	A
4.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	3	12	A	<ul style="list-style-type: none"> Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions. A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy. The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator. Internal Audit reviews take place on an annual basis and external audit review the accounts annually. 	4	2	8	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	• Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
5.	Fund assets are not sufficient to meet obligations and liabilities.	4	3	12	A	<ul style="list-style-type: none"> • The Funding Strategy Statement is reviewed every 3 years or more often as required. • The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. • The year-end financial statements record the Fund's asset position and are subject to review by external audit. • The Fund has currency hedging and equity protection arrangements in place. 	4	2	8	A
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime).	4	3	12	A	<ul style="list-style-type: none"> • Cyber hygiene arrangements in place for system access. • Hosted pensions server and backup server are at separate sites. • Disaster recovery plans are in place for both Heywood and WNC • Compulsory annual online training for Officers on Cyber resilience and Data Protection. • Cyber Strategy and Action Plan developed • Data asset mapping undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties 	4	2	8	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
7.	Information may not be provided to stakeholders as required.	3	3	9	A	<ul style="list-style-type: none"> Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups. Letters are generated through task management for consistency and are checked before being sent out. Communications Officer now in place. Membership of the LGA Communications Working Group. Membership of the Regional Joint Communications Group. Communication and Digital Communication Strategy in place. 	3	2	6	G
8.	The Investment Strategy's risk reward profile does not match the requirements of the Fund.	3	3	9	A	<ul style="list-style-type: none"> Investment Strategy in place which is in accordance with LGPS investment regulations. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund appoints professional investment advisers to support the Pension Committee's investment decisions. At each triennial valuation the Fund Actuary considers and makes a statement on the links and consistency between the Fund's Funding Strategy and Investment Strategy. Committee and Board members are encouraged to participate in Skills & Knowledge training with respect to investments and attend relevant industry conferences. Detailed training records are maintained. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
9.	Those charged with governance are unable to fulfil their responsibilities effectively.	3	4	12	A	<ul style="list-style-type: none"> • Training Strategy in place to facilitate the continual development of both Committee and Board members. • New members are provided with relevant documentation to assist them in their roles. • The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). • CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make. 	3	2	6	G
10.	Risk of fraud and error.	3	3	12	A	<ul style="list-style-type: none"> • Anti- Fraud and Corruption policy in place. • Fund participates in the National Fraud Initiative and undertakes overseas pensioner existence checks. • Robust processes in place including segregation of duties and authorisation protocols. • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. • Aspects of the control environment are tested by Internal Audit and External Audit. 	3	2	6	G
11.	Failure to understand and monitor risk compliance.	3	2	6	G	<ul style="list-style-type: none"> • Business Continuity plan in place and is reviewed at least annually. • Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales. • The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	• Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
12.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	3	4	12	A	<ul style="list-style-type: none"> Employers are made aware of their responsibilities upon admission via the Pension Service website and direct employer communication. Training is provided to employers by a dedicated Employer's Team as required. The importance of a statutory deadlines is stressed to employers through regular communications and events such as the Employer Forum. Support is also available through the website, dedicated employers help line and templates issued where applicable. An Administration Strategy is in place setting out employer performance targets. In the process of agreeing escalation pathways with the Fund's major providers of member data. 	2	3	6	G
13.	Failure to recognise and manage conflicts of interest.	4	2	8	A	<ul style="list-style-type: none"> Declaration of interests are made at the beginning of all statutory meetings where not held on the Councillor declaration register. Conflicts of Interest Policy in place for the Local Pension Board. Committee and Board members are encouraged to undertake the Pension Regulator's Toolkit which includes a conflicts of interest module. Governance and legal advice sought as required 	2	3	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
14.	Incorrect/poor quality held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders	3	3	9	A	<ul style="list-style-type: none"> The Data Improvement Policy and Plan are in place. The Data Improvement Policy and Plan are reviewed at least annually and material amendments approved by the Pensions Committee. The Local Pension Board have oversight of policy reviews. The Pension Committee and Local Pension Board receive updates against the plan quarterly. Dedicated Employer Services Team to query/chase data as required. Administration Strategy in place which sets out expectations of employers and potential sanctions. Escalation process in place for repeated incorrect or delayed data being received by the Fund. 	3	2	6	G
15.	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	4	2	8	A	<ul style="list-style-type: none"> The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework. Complete and authorised agreements are in place with external custodian. External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation. Officers of the Fund engage in quarterly monitoring of custodian performance. 	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
16.	Pension Fund systems and data may not be secure and appropriately maintained	4	2	8	A	<ul style="list-style-type: none"> System user controls are in place including regular password changes. Access rights are controlled and data is backed up. Audit trails are in place. Pension system is protected against viruses and other system threats. The pensions administration system is updated to ensure LGPS requirements are met by adhering to legislation, meeting disclosure regulations and following statutory guidance. Hosted pensions server and backup server are at separate sites. Disaster recovery plans are in place for both the administration system software supplier and the authority. Compulsory annual online training for Officers on Cyber resilience and Data Protection. Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties. Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks. 	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	• Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
17.	Failure to administer the scheme in line with regulations and guidance.	5	2	10	A	<ul style="list-style-type: none"> • Policies and strategies are in place and are accessible on the Fund website. • Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary. • A Training Strategy is in place for those charged with governance. • Officers attend regional Pension Officer working groups and consult with professional advisors where appropriate. • Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when. • The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. 	4	1	4	G
18.	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	3	2	6	G	<ul style="list-style-type: none"> • Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making. • Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer (for Pensions Committee papers) and Head of Pensions. • Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
19.	Pension Fund Investments may not be accurately valued.	3	2	6	G	<ul style="list-style-type: none"> The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements. The year-end financial statements record the Funds asset position and is subject to robust review by external audit. Officers work closely with the Fund's Custodian to ensure accuracy of asset valuations. 	2	2	4	G
20.	Actual experience materially differs from actuarial assumptions used at each valuation.	3	3	9	A	<ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Officers in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. Investment performance is reported monthly to the Fund Actuary. A specialist longevity service is employed to provide accurate Fund specific longevity analysis. Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
21.	Failure to act appropriately upon expert advice and/or risk of poor advice.	4	2	8	A	<ul style="list-style-type: none"> Pension Committee decisions and oversight by the Local Pension Board. Investment consultants and independent advisors appointed via a robust appointment process. Members are encouraged to participate in Skills & Knowledge training and attend relevant industry conferences. Detailed training records are maintained. Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice. 	2	2	4	G
22.	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	3	3	9	A	<ul style="list-style-type: none"> Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place. Close liaison with employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy. Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
23.	Unable to deliver pension services due to an inadequate business continuity plan.	3	2	6	G	<ul style="list-style-type: none"> • Business Continuity plan in place and is reviewed at least annually. • Business continuity arrangements includes the ability for staff to work remotely to meet the demands of the service. • Multi skilling across the service for flexibility and resilience. 	2	2	4	G
24.	Unable to deliver pension services due to inadequate recruitment and retention processes.	3	3	9	G	<ul style="list-style-type: none"> • Establishment reporting undertaken monthly to identify any recruitment/retention issues. • Recruitment undertaken utilising all available avenues including agency staff. • Staff leaving interviewed to understand reason for cessation. • Regular performance reporting across all business processes serves as early warning system. • Consultancy contracts in place as a backstop. • Utilising additional recruitment avenues. 	2	3	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
25.	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	3	2	6	G	<ul style="list-style-type: none"> The Fund is compliant with Investment regulations and best practice guidance. The Fund appoints professional investment advisers to support the Pension Committees investment decisions. The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation. Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues. The Fund has an appropriate Investment Strategy Statement in place which also addresses Environmental, Social and Governance (ESG) issues. 	3	1	3	G
26.	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	3	2	6	G	<ul style="list-style-type: none"> Automated extraction of data where viable and agreed procedures for reporting. Robust authorisation protocols in place. Internal and External audit reviews. Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process. Membership year end reconciliation and investigate variations from the accounting valuations. Management and administration are maintained in accordance with the SORP and the Financial Regulations. Data Improvement Policy and Plan are in place. Anti-Fraud and Corruption Policy in place. 	3	1	3	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	• Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
27	Pension Fund objectives are not defined and agreed.	4	2	8	A	<ul style="list-style-type: none"> Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. Relevant objectives are referenced on every committee report. Objectives are referenced in all policy documents and the risk register to ensure appropriate focus. 	2	1	2	G

Criteria for assessing impact and likelihood

Impact

Description	Risk Appetite
Catastrophic (5)	<ul style="list-style-type: none"> • Unacceptable level of risk exposure which requires immediate action to be taken. • >£10m. • Section 151 or government intervention or criminal charges. • Critical long term disruption to service delivery. • Significant and sustained local opposition to policies and/or sustained negative media reporting in national media.
Major (4)	<ul style="list-style-type: none"> • Unacceptable level of risk exposure which requires regular active monitoring (at least quarterly) and measures put in place to reduce exposure. • <£10m. • Major civil litigation setting precedent and/or national public enquiry. • Major disruption to service delivery. • Sustained negative coverage in local media or negative reporting in the national media.
Moderate (3)	<ul style="list-style-type: none"> • Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly. • >£5m. • Major civil litigation and/or public enquiry. • Moderate direct effect on service delivery. • Significant negative front page reports/editorial comment in the local media.
Minor (2)	<ul style="list-style-type: none"> • Acceptable level of risk exposure subject to regular passive monitoring measures, at least half yearly. • >£1m. • Minor regulatory enforcement. • Minor disruption to service delivery. • Minimal negative local media reporting.
Insignificant (1)	<ul style="list-style-type: none"> • Acceptable level of risk exposure subject to periodic passive monitoring measures, at least annually. • >£0.5m. • Minor civil litigation or regulatory criticism. • Insignificant disruption to service delivery. • No reputational impact.

Likelihood

Description	% risk of happening	Or	Potential timescale
Rare (1)	5		Once in 20 or more years
Unlikely (2)	15		Once in 10 to less than 20 years
Possible (3)	40		Once in 3 to less than 10 years
Likely (4)	65		Once in 1 to less than 3 years
Almost certain (5)	80		At least once in a year

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West Northamptonshire Council

Pension Committee

15/12/2021

Mark Whitby – Head of Pensions

Report Title	Governance and Compliance Report
Report Author	Jo Kent, Governance and Regulations Manager, joanne.kent@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Geoff Wild	22/11/2021
S151	James Smith	24/11/2021
Head of Pensions	Mark Whitby	19/11/2021

List of Appendices

Appendix A – Schedule of virtual training events.

1. Purpose of Report

1.1 This is a standing report that identifies issues concerning the governance of the Local Government Pension Scheme (LGPS) and potential, new, amending and overriding legislation that will have an impact on how the Scheme is managed and on members' benefits.

2. Executive Summary

1.1. To present to the Pension Committee with information on:

- 1) Ministry of Housing, Communities and Local Government
- 2) The Pensions Regulator – new code of practice
- 3) Skills and knowledge opportunities

3. Recommendations

3.1 The Pension Committee is asked to:

- a) note the contents of the report.

4. Report Background

4.1 Members of the Pension Committee are responsible for the ongoing governance, management, and administration of the Northamptonshire Local Government Pension Scheme in conjunction with the Section 151 Officer and Fund Officers. This report provides an update on developments and issues that impact the LGPS that Members of the Pension Committee need to be aware of to fulfil their responsibilities to the Fund's key stakeholders. The content

report will also provide information that will support decision making in other reports presented to the Pension Committee and assists in the ongoing attainment of skills and knowledge as required by the Pensions Regulator.

5. Issues and Choices

5.1 Ministry of Housing, Communities and Local Government (MHCLG)

5.1.1 On 19 September 2021, the Government announced that the MHCLG will become the Department for Levelling Up, Housing and Communities (DLUHC).

5.2 The Pensions Regulator – new code of practice

5.2.1 On 17 March 2021 the Pensions Regulator (TPR) launched a consultation on its new code of practice which closed on 26 May 2021. The code of practice sets out how the Pensions Regulator expects trustees (in the case of the LGPS Pension Committee, Board Members, Section 151 Officers, and administrators) to administer, govern and manage their respective pension schemes.

5.2.2 The draft new code consolidates (with updates and amendments) most of the existing 15 codes of practice including the public service code of practice 14 into a new online code providing a single up-to-date and consistent source of information. The other codes will be consolidated into the single code at a later date, subject to further consultation.

5.2.3 The new code of practice was expected to come into force in November 2021. However, due to the number of responses the Pensions Regulator has received to the consultation it is now expected that the code of practice will come into force in Spring/Summer 2022.

5.2.4 The Fund will have six months to become compliant with the code of practice from when it comes into force. An action plan will be produced to ensure compliance is achieved in that timescale.

5.3 Skills and knowledge opportunities – training events

5.3.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Committee to maintain the necessary skills and knowledge to undertake their role effectively.

5.3.2 In order to facilitate the acquisition of skills and knowledge for members of Pension Committee, appendix A lists the main events that are deemed useful and appropriate.

5.3.3 It was recognised that recent local elections have resulted in a significant change to the membership of the Pension Committee and so an introductory training session was held on 21 June 2021 covering at a high level the knowledge requirements of being a Pension Committee and Pension Board member hosted by the advisers from the Fund's benefits and governance advisors, Aon and legal advisors, Squire Patton Boggs.

- 5.3.4 A series of more in-depth training sessions to cover the CIPFA Skills and Knowledge core modules (see appendix A), again hosted by Aon, began on 1 July 2021, and concluded in September 2021.
- 5.3.5 Web links to all the recordings of all these training sessions has been made available to all members of the Local Pension Board and Committee so that any missed sessions can be watched at a later date. Whilst the web links will remain live until 31 March 2022, it is hoped that all Board and Committee members will view all training sessions by the 31 December 2021 to ensure there is sufficient individual knowledge to be able to scrutinise and challenge decisions made by the Pension Committee at forthcoming meetings.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from the proposals.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

6.3 Risk

6.3.1 The Pension Committee are required to have the appropriate skills and knowledge to effectively carry out their duties. This report ensures that the Pension Committee is up to date with:

- New or amending legislation affecting the LGPS;
- Relevant activities of the LGPS Scheme Advisory Board and the Pensions Regulator that concern the governance of the (LGPS) on a national and local basis; and
- Skills and knowledge opportunities.

6.3.2 The risks associated with the Pension Committee not having the required level of knowledge and understanding have been captured in the Fund’s risk register as detailed below.

Risk	Residual risk rating
Those charged with governance of the Fund and Scheme are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee to enable informed decision making.	Green

The Fund’s full risk register can be found on the Fund’s website at the following link:
[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report –

- To 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.
- To 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.
- To ensure that 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.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

6.5 Consultation

6.5.1 Not applicable.

Appendix A

The below training modules have been delivered as part of the CIPFA Core Competency Framework and members are encouraged to watch the recorded sessions if any of the live sessions have been missed by **31 December 2021**.

Date	Event Description	Audience
21 June 2021 10:00 – 12:00	Governance and Fiduciary Duty Hosted by Aon and Squire Patton Boggs on behalf of Cambridgeshire and Northamptonshire Pension Funds Virtual Training Session (recording and slides from this session have been shared)	Pension Committee, Pension Board, Officers, Section 151 Officers
1 July 2021 10:00 – 12:00	Introduction to the LGPS Hosted by Aon Virtual Training Session (recording of this session is available – please see email from Laura Caudwell from Aon)	Pension Committee, Pension Board, Officers, Section 151 Officers
14 July 2021 10:00 – 12:00	Pensions legislation and guidance and national guidance Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Committee, Pension Board, Officers, Section 151 Officers
28 July 2021 10:00 – 12:00	Local governance and pensions procurement, contract management and relationship matters Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Committee, Pension Board, Officers, Section 151 Officers
11 August 2021 10:00 – 12:00	Funding strategy and actuarial methods, and financial, accounting and audit matters Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Committee, Pension Board, Officers, Section 151 Officers
25 August 2021 10:00 – 12:00	Investments – Strategy, asset allocation, pooling performance and risk management Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Committee, Pension Board, Officers, Section 151 Officers
8 September 2021 10:00 – 12:00	Investments – Financial markets and products Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Committee, Pension Board, Officers, Section 151 Officers

Date	Event Description	Audience
22 September 2021 10:00 – 12:00	Pensions Administration and Communications Hosted by Aon Virtual Training Session (recording of this session is available - please see email from Laura Caudwell from Aon)	Pension Committee, Pension Board, Officers, Section 151 Officers

Upcoming external training events

Date	Event Description	Audience
8-10 December 2021	LAPFF Annual Conference Bournemouth LAPFF Annual Conference LAPFF (lapffforum.org)	Pension Committee, Pension Board, Officers, Section 151 Officers
20-21 January 2022	LGPS Governance Conference Face to Face in Bournemouth or online flyer_final.pdf (eventsforce.net)	Pension Committee, Pension Board, Officers, Section 151 Officers
February 2022 (Dates TBC)	In-house/Hymans Robertson Triennial Valuation Training Details to be confirmed	Pension Committee, Pension Board, Officers, Section 151 Officers
13-15 June 2022	PLSA Local Authority Conference 2022 Gloucestershire Local Authority Conference (plsa.co.uk)	Pension Committee, Pension Board, Officers, Section 151 Officers

West Northamptonshire Council

Pension Committee

15/12/2021

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Training Strategy Review
Report Author	Michelle Oakensen, Governance Officer michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Geoff Wild	22/11/2021
S151	James Smith	24/11/2021
Head of Pensions	Mark Whitby	18/11/2021

List of Appendices

Appendix A – Northamptonshire Pension Fund Training Strategy – clean version

Appendix B - Northamptonshire Pension Fund Training Strategy – tracked version

1. Purpose of Report

-
- 1.1. To present to the Pension Committee a with a revised Training Strategy for the Northamptonshire Pension Fund.

2. Executive Summary

-
- 2.1 The Training Strategy is required to assist the Pension Committee, Local Pension Board and senior officers of the Northamptonshire Pension Fund to ensure the Fund is managed and assisted by individuals who have the appropriate level of knowledge and skills as required by the Pensions Act 2004 and as enforced by the Pensions Regulator.

3. Recommendations

-
- 3.1 The Pension Committee is asked to approve the revised Training Strategy.

4. Report Background

-
- 4.1 The Training Strategy was originally approved and published in December 2016 and reviewed in December 2018. Due to forthcoming changes as a result of the Scheme Advisory Board's (SAB) good governance review and a change in methodology of ensuring individuals undertake core elements of training it has been appropriate for officers to review the Strategy and make revisions where necessary.

5. Issues and Choices

- 5.1 As a result of the review the following revisions have been incorporated into the revised strategy which can be found in appendix B.
- The strategy now includes training requirements for senior officers including Section 151 Officers in anticipation of the requirements proposed by the good governance review
 - References in the strategy have been updated in accordance with the revised CIPFA Skills and Knowledge Framework and expectations resulting from the Good Governance Review.
 - The strategy has been updated to reference the use of virtual training sessions that can be undertaken in real time and via catch-up facilities and the credit methodology has been replaced with ensuring a broad range of appropriate training is undertaken that covers the entire CIPFA Skills and Knowledge Framework.
- 5.2 The strategy will be reviewed again once the Scheme Advisory Board and the Department for Levelling Up, Housing and Communities have published final guidance as a result of the Good Governance Review and also when the Pensions Regulator new singular Code of Practice comes into force.
- 5.3 The Pension Board reviewed the proposed Strategy on 4 November 2021 and made no further recommendations.

6 Implications (including financial implications)

6.1 Resources and Financial

The cost of training will be met by the Fund and recorded against the governance expenditure in the annual accounts.

6.2 Legal

Failing to comply with changes to statutory guidance as detailed in section 5.2 of this report would be considered a breach of the law.

6.3 Risk

An appropriate training strategy that effectively facilitates the accrual of skills and knowledge on an individual Pension Committee and Local Pension Board member basis mitigates the following risks that have been identified and recorded on the Fund's risk register:

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

The Fund's full risk register can be found on the Fund's website at the following link:
[Northamptonshire Pension Fund Risk Register](#)

6.4 Relevant Pension Fund Objectives

The following objectives have been considered in this report -

- To 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.
- To 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.
- To 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.
- To continually monitor and measure clearly articulated objectives through business planning.

6.5 Consultation

6.5.1 Not applicable.

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Training Strategy 2021

Introduction

Fund objectives

Effective date

Review

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

CIPFA Knowledge and Skills Framework

The Scheme Advisory Board – Good Governance Review

The Pensions Regulator's E Learning Toolkit

Markets in Financial Instruments Directive II (MIFID II)

Meeting the Business Plan

Delivery of training

How training will be monitored

Measurement

Maintaining knowledge

Risk management

Reporting

Costs

1. Introduction

- 1.1 This is the Training Strategy for the Northamptonshire Pension Fund.
- 1.2 The Training Strategy is established to aid members of the Pensions Committee and Local Pension Board as well as Fund Officers and the Section 151 Officer in performing and developing in their roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities. Local Government Pension Scheme (LGPS) Funds are expected to follow the CIPFA Knowledge and Skills Framework.
- 1.3 The objective of CIPFA's 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 Fund.
- 1.4 This Training Strategy takes into consideration the requirements of the pending Scheme Advisory Board Good Governance Review, the Pensions Regulator's Code of Practice and the Markets in Financial Instruments Directive (MiFID II) in addition to the requirements of the CIPFA Knowledge and Skills Framework requirements to ensure it encompasses best practice.

2. Fund Objectives

- 2.1 The Northamptonshire Pension Fund objectives relating to knowledge and skills are to:
 - To 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;
 - To 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.

3. Effective date

- 3.1 The 2018 Strategy was approved by the Pension Fund Committee on 14 December 2018. This revised Strategy was subsequently approved by the Pension Committee on xx.

4. Review

- 4.1 This Strategy will be reviewed following the issuance of the new singular code of practice and following revised guidance resulting from the good governance review. Following that the Strategy is expected to be appropriate for the long-term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

5. CIPFA’s Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the “Code of Practice”)
- 5.1 CIPFA’s Code of Practice, was first issued in 2013, and embedded 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.
- 5.2 The Code of Practice has been updated in 2021 and provides an overview of the standards that all CIPFA members must adhere to when administering and managing pension funds and benefits on behalf of employee’s and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge.
6. CIPFA Knowledge and Skills Framework
- 6.1 In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as senior officers. The contents of the framework have been updated with transparency in mind with particular emphasis on decision makers.
- 6.2 The principles of the guide include the need for formal objectives, policies, practices and strategies concerning knowledge and skills of those responsible for the fund. Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate.
- 6.3 The Knowledge and Skills Framework accompanies the updated Code of Practice on LGPS Knowledge and Skills.
- 6.4 Aon, the fund’s Governance Advisors have developed training that covers the following core CIPFA requirements:
- Pensions legislation and guidance and national guidance;
 - Local governance and pensions procurement, contract management and relationship matters;
 - Funding Strategy and actuarial methods, and financial, accounting and audit matters;
 - Investments – Strategy, asset allocation, pooling performance and risk management;
 - Investments – Financial markets and products;
 - Pensions Administration and Communications.

7. The Scheme Advisory Board – Good Governance Review

7.1 Proposals as a result of the good governance review emphasise the need for increased governance around the management of skills and knowledge. The review has proposed the following actions:

- To introduce a requirement in the Statutory Guidance to be issued by the Department for Levelling Up Housing and Communities (DLUHC) that key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively;
- To introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding;
- For administering Authorities to publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements;
- For CIPFA and other relevant professional bodies to be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

8. The Pensions Regulator’s E-learning toolkit

8.1 The Regulator has an online 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 compulsory 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.

8.2 In addition, a module on Pension Scams is available as an optional component. Although optional on the tool, it is the intention that Committee and Board members complete this module as it is deemed a fundamental part of the training programme.

8.3 These modules are designed to apply to all public service schemes and are not LGPS specific.

8.4 Completion of the toolkit in conjunction with the CIPFA core competencies will provide Pension Committee and Local Pension Board members with a good grounding for their respective roles. Officers will issue details of these training modules as required.

9. Markets in Financial Instruments Directive II (MIFID II)

- 9.1 The Northamptonshire Pension Fund need to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as an professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.
- 9.2 Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

10. Meeting the deliverables in the Annual Business Plan and Medium Term Strategy

- 10.1 There will be times when particular training will need to be delivered in order to assist the Pension Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium Term Strategy.
- 10.2 These deliverables include, but are not limited to, activity such as the review and approval of the Funding Strategy Statement as part of the triennial Actuarial Valuation and Responsible Investing as part of the Investment Strategy Statement. Specific training in relation to these matters will be delivered at the appropriate times to ensure effective decisions are made.

11. Delivery of training

- 11.1 The Northamptonshire Pension Fund's Governance Advisors provide core training in the following areas. It is expected that all Committee and Board members and senior LGPS officers undertake the training as listed below:
- Introduction to the LGPS;
 - Governance and Fiduciary Duty;
 - Pensions Legislation and guidance and national guidance;
 - Local governance and pensions procurement, contract management and relationship matters;
 - Funding Strategy and actuarial methods, and financial, accounting and audit matters;
 - Investments – Strategy, asset allocation, pooling performance and risk management;
 - Investments – Financial markets and products.
- 11.2 The completion of the Pensions Regulator e-learning programme is also a compulsory requirement of the Training Strategy.

11.3 Officers will ensure that refresher training is offered to all Committee and Board members at regular intervals.

11.4 In addition to the compulsory training above, the following training is also encouraged -

- In-house and shared training events with Cambridgeshire Pension Fund where it improves economy, efficiency and effectiveness;
- Self-improvement and familiarisation with regulations and documents;
- Attending relevant courses, seminars and external events;
- Internally developed training days and pre/post meeting sessions;
- Shared training with other Funds or Asset Pools;
- Regular updates from officers and/or advisers;
- Circulated reading material.

12. How training will be monitored

12.1 Detail of Pension Committee and Board member training that is undertaken will be recorded and provided to the Chair on an annual basis. Any individual that has not completed the core training will be encouraged to do so. The Chair will have discretion regarding appropriate action if an individual does not undertake the minimum requirements.

13. Measurement

13.1 In order to identify whether the objectives of this Strategy are being met, officers will:

- 1) Monitor the attendance of training on a regular basis;
- 2) Ensure the introductory training is offered shortly after appointment and promote it being undertaken promptly;
- 3) Actively encourage individuals to complete core training within 6 months of appointment
- 4) Monitor the attendance at meetings where training items are being delivered
- 5) Manage areas where individuals feel additional support is required.

14. Maintaining knowledge

14.1 In addition to undertaking ongoing training on the CIPFA skills and knowledge requirements, Committee and Board members are expected to maintain their knowledge of ongoing development through attendance at internal/external events and seminars where appropriate.

14.2 Appropriate attendance at events for representatives of the Pension Board and Pension Committee will be determined by officers of the Fund.

14.3 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 it to be made in the near future.

15. Risk Management

15.1 The risks associated with the delivery of a successful training Strategy is as follows:

Risk	Mitigation
Frequent changes in membership of the Pension Committee or Pension Board	Training Strategy in operation and reviewed regularly, core training to be undertaken within 6 months of appointment with supplementary training undertaken when available.
Poor individual commitment	Attendance and training is monitored by officers of the Fund and the Chairman of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts and the Committee and Board Annual Reports are presented to Full Council. Both lack of attendance and lack of training is addressed with the individual when deemed appropriate.
Resources not being available	Additional training opportunities will be highlighted to the Committee and Board via the Governance and Compliance Report.
Poor standards of training	Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended.

15.2 The risks will be monitored within the scope of the Training Strategy and the risk register will be amended where appropriate.

16. Reporting

16.1 Training events will be highlighted at every meeting as part of the Governance and Compliance Report, Committee and Board members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.

16.2 The Chair of the Pension Committee and Local Pension Board will be provided with attendance at meetings and training undertaken during the year.

16.3 Training undertaken by members will be published in the relevant annual reports.

17. Costs

17.1 All training costs relating to this Training Strategy are met by Northamptonshire Pension Fund.

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~~Northamptonshire Pension~~
~~Fund~~

Training Strategy

2021~~2018~~

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Northamptonshire Pension Fund

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**Northamptonshire
Pension Fund**

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Costs

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**West
Northamptonshire
Council**

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Northamptonshire Pension Fund

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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 members of the Pensions Committee and Local Pension Board as well as Fund Officers and the Section 151 Officer ~~the Pension Committee, and Local Pension Board members and senior officers~~ 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. Local Government Pension Scheme (LGPS) funds are expected to follow the CIPFA sign up to the 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~~ 1.3 The objective of ~~the~~ CIPFA's 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 Fund Pension Committee.

1.4 ~~The~~ Training Strategy takes into consideration the requirements of the pending Scheme Advisory Board Good Governance Review, the pending Pensions Regulator's Code of Practice singular code an and the Markets in Financial Instruments Directive (MiFID II) in addition to the requirements of the CIPFA Knowledge and Skills Framework requirements to ensure it encompasses best practice, across the board.

~~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.~~



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~~1.4 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.~~

~~1.5 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.~~

~~1.6 Knowledge and understanding of officers of the Fund will be monitored through the annual appraisal and monthly supervision meetings to ensure competency within specific job roles. For some roles training delivered to Pension Committee members and Local Pension Board members will be relevant to officers.~~

2. FundStrategy Objectives

2.1 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; To 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;~~

- ~~•~~
- ~~•~~

~~Ensure the Northamptonshire Pension Fund is effectively governed and administered; and To 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.~~

~~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 the Ministry of Housing Communities and Local Government.~~



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2.2 Pension Committee members 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.

2.3 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.

2.4 In addition to the Pension Committee and Local Pension Board members, all those responsible for the management and administration of the LGPS will:

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

3. How the strategy meets Northamptonshire Pension Fund Objectives

3.1 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;



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- 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

4.3. Effective date

- 34.1 This strategy was taken to the Local Pension Board for comment on 18 October 2018 and was subsequently approved by the Pension Committee on 14 December 2018. The 2018 Strategy was approved by the Pension Fund Committee on 14 December 2018. This revised Strategy was presented to the Local Pension Board on 4 November 2021 for comment and subsequently approved by the Pension Committee on xx. 8.

5.4. Review

- 45.1 This Strategy will be reviewed following the issuance of the new singular code of practice and following revised guidance resulting from the good governance review. Following that the Strategy is expected to be appropriate for the long-term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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

- 56.1 CIPFA's Code of Practice, was first issued in 2013, and 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);

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- publicly report how these arrangements have been put into practice each year.

5.6.2 The Code of Practice has been updated in 2021 and provides an overview of the standards that all CIPFA members must adhere to when administering and managing pension funds and benefits on behalf of employee's and scheme members. The code includes focus on the increasing need for knowledge and skills and ongoing maintenance of this knowledge. 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.

7.6. CIPFA Knowledge and Skills Framework ~~— Pension Committees~~

6.1 7.1—In July 2021, CIPFA published its revised Knowledge and Skills Framework aimed at Pension Committee and Board members as well as senior officers. The contents of the framework have been updated with transparency in mind with particular emphasis on decision makers.

6.2 The principles of the guide include the need for formal objectives, policies, practices and strategies concerning knowledge and skills of those responsible for the fund. Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate.

6.3 The Knowledge and Skills Framework accompanies the updated Code of Practice on LGPS Knowledge and Skills.

6.4 Aon, the fund's Governance Advisors have developed training that covers the following core CIPFA requirements:

- Pensions legislation and guidance and national guidance;
- Local governance and pensions procurement, contract management and relationship matters;
- Funding Strategy and actuarial methods, and financial, accounting and audit matters;
- Investments – Strategy, asset allocation, pooling performance and risk management;
- Investments – Financial markets and products;
- Pensions Administration and Communications.

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:

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- 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.

7.2 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.

7.3 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.

8. CIPFA Technical Knowledge and Skills Framework – Local Pension Boards

8.1 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;



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Financial markets and product knowledge;

Actuarial methods, standards and practices.

8.2—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.

8.3—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.

8.4—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 information for all new Board members.

8.5—For the purpose of delivering the CIPFA Skills and Knowledge Framework the six modules of the Pension Committee framework will be adopted.

7. Guidance from the Scheme Advisory Board – Good Governance Review

7.1 9.1—Proposals as a result of the good governance review. The Scheme Advisory Board has emphasised the need for increased governance around the management of skills and knowledge. The review has highlighted expectations for funds to propose the following actions:

- To introduce a requirement in the Statutory Guidance to be issued by the Department for Levelling Up Housing and Communities (DLUHC) that for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively;
- To introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding;
- For Administering Authorities to must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements;
- For CIPFA and other relevant professional bodies to should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.



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~~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.~~

~~9.2 — 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.~~

8. The Pensions Regulator's E-learning toolkit

~~8.1.1~~ The Regulator has ~~developed an 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 ~~compulsory~~ 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.

~~8.2~~ In addition, a module on Pension Scams is available as an optional component. Although optional on the tool, it is the intention that Committee and Board members complete this module as it is deemed a fundamental part of the training programme.

~~8.3.1-2~~ 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.~~



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~~8.410.3~~ Completion of the toolkit in conjunction with the CIPFA core competencyies will provide Pension Committee and Local Pension Board members with a good grounding for their respective roles. Officers will issue details of these training modules as required. ~~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 within 3 months of appointment.

~~11. The Pensions Regulator's 21st Century Trusteeship guidance~~

~~11.1~~—The Pensions Regulator has launched a programme to raise the standards of governance across all workplace pension schemes. The programme includes what arrangements need to be in place to support good decision making, as follows:

~~Clear roles and responsibilities and clear strategic objectives~~

~~A skilled, engaged and diverse Committee and Board led by an effective chair~~

~~Close relationships with employers, advisors and others involved in running the scheme~~

~~Sound structures and processes focused on outcomes~~

~~A robust risk management framework focused on key risks.~~

~~11.2~~—The Northamptonshire Pension Fund will work to the standards set by the Pensions Regulator and demonstrate compliance on a yearly basis through a report to both Pension Committee and Local Pension Board each December.

~~912.~~ Markets in Financial Instruments Directive II (MIFID II)

~~912.1~~ The Northamptonshire Pension Fund need to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as an professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.

~~912.2~~ Failure to adequately demonstrate a high level of collective skills and knowledge across the Pension Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

~~12.3~~—As a result of this Directive a number of training opportunities as detailed in section 15 of this strategy have been made compulsory.

~~1013.~~ Meeting the deliverables in the Annual Business Plan and Medium Term Strategy



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103.1 There will be times when particular training will need to be delivered in order to assist the Pension Committee and Local Pension Board in their roles in connection with the key deliverables as detailed in the Annual Business Plan and Medium Term Strategy.

103.2 These deliverables include, but are not limited to, activity such as the review and approval of the Funding Strategy Statement as part of the triennial Actuarial Valuation and [Responsible Investing as part of the Investment Strategy Statement](#). Specific training in relation to ~~these matters~~ activity will be delivered at the appropriate times to ensure effective decisions are made.

114. Delivery of training

114.1 ~~The Northamptonshire Pension Fund's Governance Advisors provides core training in the following areas. It is expected that all Committee and Board members and expects all members and senior LGPS officers undertake the training as listed below:~~

- ~~Introduction to the LGPS;~~
- ~~Governance and Fiduciary Duty;~~
- ~~Pensions Legislation and guidance and national guidance;~~
- ~~Local governance and pensions procurement, contract management and relationship matters;~~
- ~~Funding Strategy and actuarial methods, and financial, accounting and audit matters;~~
- ~~Investments – Strategy, asset allocation, pooling performance and risk management;~~
- ~~Investments – Financial markets and products.~~

11.2 ~~The completion of the Pensions Regulator e-learning programme is also a compulsory requirement of the Training Strategy.~~

11.3 ~~Officers will ensure that refresher training is offered to all members at regular intervals.~~

11.4 ~~In addition to the compulsory training above, the following training is also encouraged - 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:~~

- ~~In-house and shared training events with Cambridgeshire Pension Fund where it improves economy, efficiency and effectiveness;~~
- ~~Self-improvement and familiarisation with regulations and documents;~~
- ~~The Pension Regulator's e-learning programme~~
- ~~Attending relevant courses, seminars and external events;~~

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- Internally developed training days and pre/post meeting sessions;
- Shared training with other Funds or frameworks/Asset Pools;
- Regular updates from officers and/or advisers;
- Circulated reading material.

15. Training credits

15.1 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 event 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.

15.2 Members of the Pension Committee and the Local Pension Board will each be expected to accumulate 18 credits over a rolling 2 year period.

15.3 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 internal and external training events. Credits will be measured and monitored by LGSS Pensions in conjunction with the Chairman/Chairwoman of the Pension Committee or Pension Board over a rolling 2 year period.

15.4 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 familiarise themselves with the Fund and their roles and responsibilities within 3 months of appointment.

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



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<u>Method of attaining credit</u>	<u>Number of credits awarded (valid for 2 years)</u>
<u>Completion of a single module of the Pensions Regulators e-learning toolkit. There are 7 modules in total – compulsory.</u>	<u>1 credit per module passed.</u>
<u>Completion of a module of the CIPFA Knowledge and Skills Framework – compulsory.</u>	<u>2 credits per module passed (up to a maximum of 4 credits per event).</u>
<u>Successful completion a self-assessment on the CIPFA Competencies – compulsory.</u>	<u>2 credits.</u>
<u>Drag Induction reading (within 3 months of appointment) – compulsory</u>	<u>Drag 2 credits.</u>
<u>Attendance at the Pension Committee or Pension Board meeting where a training item is delivered.</u>	<u>0.5 credit per item.</u>
<u>Attendance at an approved conference, seminar or external training event</u>	<u>2 credit for a full day's attendance 1 credit for a half day's attendance passed (up to a maximum of 4 credits per event).</u>
<u>All other relevant training</u>	<u>1 credit – member to inform officers of training undertaken.</u>
<u>Training provided/organised by the LGSS Pensions Service</u>	<u>1–4 credits as deemed appropriate by Officers dependent upon the content and length of training provided.</u>

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15.6 – A list of training events will be updated regularly and will monitored to ensure all training recommended to members remains relevant. It is recognised that a rigid training plan can frustrate knowledge attainment when too inflexible and therefore a range of learning opportunities will therefore be offered to deliver the appropriate level of detail required.

15.7 – After attendance at an internal or external event, Pension Committee and Local Pension Board members will be expected to provide feedback either via a relevant meeting or 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.



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126. ~~How t~~Training will be ~~monitored~~recordeds

126.1 ~~Detail of Pension Committee and Board M~~member training that is undertaken will be recorded~~noted will be recorded~~ and provided to the Chairman on an annual basis. Any individual-member that has not completed the core training will be encouraged to do so. The Chairman will have discretion regarding appropriate action if an individual-member does not undertake the minimum requirements. A training record will be sent to members at the end of each 6 month period to ensure members are able to keep a personal record of training undertaken and to monitor the credits they have attained.

16.2 ~~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.~~

137. Measurement

137.1 In order to identify whether ~~the objectives of this S~~strategy are being met, officers will:~~we are meeting the objectives of this strategy we will:~~

- 1) ~~1)~~ ~~Monitor the attendance of training on a regular basis;~~
- 2) ~~Ensure the introductory training is offered shortly after appointment and promote it being undertaken promptly;~~
- 3) ~~Actively encourage individuals-~~members to complete core training within 6 months of appointment
- 4) ~~Monitor the attendance at meetings where training items are being delivered~~
- 5) ~~Manage areas where individuals-~~members feel additional support is required.

~~Compare and report on attendance at training based on the following—~~

- ~~Individual Training Needs— ensuring training on the key elements takes place for each individual at least once every 2 years.~~
- ~~Risk Based Training— attendance by at least 80% of the required Pension Committee and Local Pension Board members at planned core training.~~

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- Induction reading/training needs analysis assessment carried out upon appointment and reviewed after 2 years to ensure all areas have been addressed.

2) Participate in the following each year

- Carry out a review of our governance arrangements.
- Manage the completion of effectiveness reviews by both Pension Committee and Local Pension Board members.

148. Maintaining knowledge

- 148.1 In addition to undertaking ongoing training on the CIPFA skills and knowledge requirements, members are expected to maintain their knowledge of ongoing development through attendance at internal/external events and seminars where appropriate.
- 148.2 Appropriate attendance at events for representatives of the Pension Board and Pension Committee will be determined by officers of the Fund.
- 148.3 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 it to be made in the near future.

159. Risk Management

15.1 The risks associated with the delivery of a successful training Strategy is as follows:

Risk	Mitigation
<u>Frequent changes in membership of the Pension Committee or Pension Board</u>	<u>Training Strategy in operation and reviewed regularly, core training to be undertaken within 6 months of appointment with supplementary training undertaken when available.</u>
<u>Poor individual commitment</u>	<u>Attendance and training is monitored by officers of the Fund and the Chairman of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts and the Committee and Board Annual Reports are presented to Full Council. Both lack of attendance and lack of training is addressed with the individual when deemed appropriate.</u>
<u>Resources not being available</u>	<u>Additional training opportunities will be highlighted to the Committee and Board via the Governance and Compliance Report.</u>

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Poor standards of training

Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended.

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19.1 The risks associated with the delivery of a successful training strategy is as follows:

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Risk	Mitigation
Frequent changes in membership of the Pension Committee or Pension Board	Training Strategy in operation and reviewed regularly, new starter information provided to all new members which includes links to key documents etc.
Poor individual commitment	Attendance and training is monitored by officers of the Fund and the Chairman/Chairwoman of the Committee/Board. Attendance is reported in the Fund's Annual Report and Statement of Accounts. Both lack of attendance and lack of training is addressed with the individual when deemed appropriate.
Resources not being available	A wide variety of training opportunities are offered to Committee and Board members via the Governance and Compliance Report.
Poor standards of training	Where appropriate external advisors who are experts in their field deliver training to cover the CIPFA skills and knowledge framework. Other in house training is delivered by officers with specific knowledge in a particular area. External courses are vetted to ensure they are relevant before being added to the list of courses available. Feedback is sought after events are attended.

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159.2 The risks will be monitored within the scope of the Training Strategy and the risk register will be amended where appropriate.

1620. Reporting

1620.1 Training events will be highlighted at every meeting as part of the Governance and Compliance Report, members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.

16.2- On a yearly basis the Chairman man/Chairwoman of the Pension Committee and Local Pension Board will be provided with attendance at meetings and training undertaken during the year. provided with the credits that have been attained by each member and the collective over view of training of the Pension Committee and Board.

1620.32 Training undertaken by members will be published in the relevant annual reports.

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~~Any members who have not attained at least 70% of the required credits will be highlighted to the Chairman/Chairwoman for appropriate action at the earliest opportunity (for new members this will be proportioned). In the first instance this will be a conversation with the member to establish if there are any circumstances prohibiting them to attain credits at the appropriate rate, an element of discretion from the Chairman/Chairwoman can be applied in these circumstances. If no adequate reason provided for lack of credits a plan of action will be agreed upon, if not agreed the Chairman/Chairwoman in conjunction with the Head of Pensions can agree a further sanction.~~

~~20.3—Training events will be highlighted at every meeting as part of the Governance and Compliance Report, members are expected to make officers aware of any events that are of interest. Core training is expected to be taken up in the first instance as it has been specifically designed to cover the CIPFA core competencies and is therefore compulsory.~~

~~1724.~~ Costs

~~1724.1~~ All training costs relating to this ~~T~~training ~~S~~strategy are met by Northamptonshire Pension Fund.

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West Northamptonshire Council

Pension Committee

15/12/2021

Mark Whitby – Head of Pensions

Report Title	Employer Admissions and Cessations Report
Report Author	Cory Blose, Pensions Service Employer and Communications Manager, Cory.Blose@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Geoff Wild on behalf of Catherine Whitehead	22/11/2021
S151	James Smith on behalf of Martin Henry	24/11/2021
Head of Pensions	Mark Whitby	12/11/2021

List of Appendices

None

1. Purpose of Report

- 1.1 To report the admission of three admission bodies to the Northamptonshire Pension Fund
- 1.2 To notify the Committee of one body ceasing participation in the Northamptonshire Pension Fund

2. Executive Summary

- 2.1 Following a number of TUPE transfers, three contractors; Birkin Cleaning Services Ltd, CleanTec Services Ltd and Easy Clean Contractors Ltd, have applied for admitted body status within the Northamptonshire Pension Fund and signed an admission agreement undertaking to meet the requirements of the Local Government Pension Scheme Regulations 2013. As a result, the Pension Committee must admit to the Scheme all eligible employees of those bodies.

- 2.2 As a result of the last active member leaving the Scheme, the admission agreement between Aspens Services Ltd and Southfield School for Girls has come to an end with the assets and liabilities being retained by the academy trust, meaning no exit payment or credit is required.

3. Recommendations

3.1 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;

- Birkin Cleaning Services Ltd
- CleanTEec Services Ltd
- Easy Clean Contractors Ltd

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

- Aspens Services Ltd

3.2 Reason for Recommendations: To comply with the Local Government Pension Scheme Regulations 2013. Under the Regulations, the bodies listed have entered into an admission agreement and therefore undertaken to meet the requirements of the Regulations. The Pension Fund Committee has no discretion to refuse entry in these circumstances.

4. Report Background

4.1 The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.

This report provides an update on admissions to and cessations from the Northamptonshire Pension Fund since the last meeting of the Pension Committee.

5. Issues and Choices

5.1 New Admission Bodies

5.1.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority to make an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.

5.1.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.

5.1.3 Where an admission body of the description in paragraph 1(d) undertakes to meet the requirements of these Regulations, the appropriate administering authority must admit to the Scheme the eligible employees of that body.

5.1.4 The Pension Committee is asked to note the admission of the following bodies into the Northamptonshire Pension Fund and to approve the sealing of the admission agreements.

Date of admission	New Admission Body	Background Information
01/01/2021	Birkin Cleaning Services Ltd (Elizabeth Woodville Academy)	Tove Learning Trust have entered into a contract with Birkin Cleaning Services Ltd to provide catering services at Elizabeth Woodville Academy. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place. This agreement has been backdated to 1 January 2021 and backdated contributions have been collected.
01/08/2021	CleanTec Services Ltd (The Chenderit School)	The Chenderit School Academy Trust have entered into a contract with CleanTec Services Ltd to provide cleaning services at the Chenderit School. As a result, a group of employees were transferred to the admission body and a pass through admission agreement has been put in place, with the liabilities retained by Chenderit School Academy Trust. This agreement has been backdated to 1 August 2021 and backdated contributions have been collected.
01/09/2021	Easy Clean Contractors Ltd (Campion School Academy)	Campion School Academy have entered into a contract with Easy Clean Contractors Ltd to provide cleaning services at Campion School Academy. As a result, a group of employees were transferred to the admission body and a pass through admission agreement has been put in place, with the liabilities retained by Campion School Academy Trust. This agreement has been backdated to 1 September 2021. Backdated contributions have been collected.

5.2 Cessations

5.2.1 Aspens Services Ltd (Southfield School for Girls)

5.2.1.1 Aspens Services Ltd were admitted to the Fund under a pass through agreement on 1 September 2019, after entering into a contract with Southfield School for Girls to provide cleaning services across a number of academies within the Trust.

5.2.1.2 On 23 July 2021, the last active member left the scheme. No exit debit or credit will be required as the pension liabilities were retained by Southfield School for Girls.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.

6.1.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.

6.1.3 Employers who are unable to pay monies due during the course of active membership may result in unpaid liabilities being borne by other employers in the Fund.

6.2 Legal

6.2.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Northamptonshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

6.3 Risk

6.3.1 The Pension Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.

6.3.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Failure to administer the scheme in line with regulations and guidance	Green
Failure to provide relevant information to the pension Committee/Pension Board to enable informed decision making	Green
Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

6.3.3 Please see the [Northamptonshire Pension Fund Risk Register](#) for full details

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report -

- To 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.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.

6.5 Consultation

6.5.1 Contribution rate assessments are undertaken by Hymans Robertson, the Fund Actuary.

7. Background Papers

None

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