



**West
Northamptonshire
Council**

Local Pension Board

Minutes of a meeting of the Local Pension Board held at <https://www.youtube.com/channel/UCujrRO-y6RzkN6zPQ-xNAAtA> on Thursday 4 November 2021 at 10.00 am.

Present

Alicia Bruce
Councillor Ken Pritchard
Julie Petrie

Substitute
Members:

Apologies for
Absence: Katy Downes
Kevin Standish-Day

Officers:

Paul Hanson	Democratic Services Manager
Mark Whitby	Head of Pensions
Joanne Kent	Governance & Regulations Manager
Michelle Oakensen	Governance Officer
Cory Blose	Employer Services and Systems Team Manager

14. Appointment of Chair and Vice-chair

The Democratic Services Manager advised that there were not enough members in attendance for the meeting to be quorate. Officers at North Northamptonshire Council had been contacted in order to propose a Councillor from that authority to sit on the Board but so far a nomination had not been provided; the request would be reiterated. As the meeting was not quorate, the business on the agenda could be considered but no decisions made and these would be deferred to the next meeting. The appointment of the Chair and Vice Chair would therefore be deferred.

RESOLVED: That the appointment of the Chair and Vice-chair be deferred to the meeting due to be held on 27th January 2022.

15. Declarations of Interest

No interests were declared.

16. Minutes

RESOLVED: The Local Pension Board approved the minutes of the meeting held on 1st July 2021.

17. Annual report of the Local Pension Board

The Democratic Services Manager presented the Annual report of the Local Pension Board which provided a summary of the work undertaken by the Board over the past year. The role of the Board was to provide a critical friend to the administering authority and provide feedback to that authority. Northants County Council (as the previous administering authority) had met to consider a report relating to the activities of the Local Pension Board in February. The annual report would be submitted to Full Council on 2nd December for approval, alongside the report from the Pensions Committee. If no Chair had been appointed, a representative from the Board may be asked to attend the Council meeting.

Alicia Bruce enquired as to whether the meeting not being quorate would have an impact on the operation of the Board. The Democratic Services Manager advised that as the Board was not a decision making body, the fact that the meeting was not quorate was not an issue. However he considered that the quorum being set at 4 was too high as there were only 6 members of the Board with one vacancy. Mark Whitby added that regular contact was maintained with North Northamptonshire as a scheme employer.

The Democratic Services Manager suggested that Board Members may want to add other issues to the work programme.

RESOLVED:

- (i) The Local Pension Board noted the draft Annual report and recommended it for approval at Full Council on 2nd December 2021.**
- (ii) That the Democratic Services Manager request that the quorum for the Local Pension Board be reduced from 4 to 3.**

18. Action Log

The Governance & Regulations Manager advised that there were no actions to note in the action log (copies of which had been previously circulated).

RESOLVED: That the Local Pension Board noted the action log.

19. Northamptonshire Pensions Fund - Administration Performance Report

Consideration was given to a report which provided an overview of the administrative activities (copies of which had been previously circulated).

The Governance and Regulations Manager drew the Board's attention to the table set out in section 5 of the report relating to the key performance indicators from 1st June until 30th September. There were a number of reds and ambers in the RAG status, which had arisen as a result of a system outage in August and days lost due to sickness which had obviously effected the 5 working day turnaround performance.

The impact was reflected in the deferred status; the active retirements were the priority for the service. The Head of Pensions added that annual leave had also effected performance.

Referring to appendix B, the Governance and Regulations Manager, highlighted that the contributions from employers of the scheme had been received on time. The two breaches referred to in the report were not deemed to be reportable to the Pensions Regulator.

There were currently 2 internal dispute resolution cases ongoing; a scheme member had transferred their pension overseas and was seeking compensation for deferred benefits, a claims management company was dealing with the case. Neither the stage 1 or stage 2 appeal had been accepted and the case could ultimately go to the Ombudsman. The other case had been raised by a member of the scheme regarding a delay in benefits as no electronic records had been available. The service believed that there was no liability and were waiting for evidence. Upon investigation there had been no records found in the archive storage.

Alicia Bruce queried how the members of the scheme had been affected by the delays due to the system outage. The Governance and Regulations Manager advised that around fifty members had been affected and they had received their pensions a couple of days late. As a result of the outage a change had been made to the firewall setting.

Further to an enquiry from Alicia Bruce regarding liabilities of the outstanding cases, the Governance and Regulations Manager advised that one of the cases had been raised querying whether a leaflet had been sent to members of the scheme to warn them about a scam. Unfortunately no proof could be provided that the leaflet had been sent. A change had been made to the process so that in the future such communications would be able to be evidenced.

With regard to the other case the Governance and Regulations Manager considered that the fund should not be held responsible for an unsatisfactory investment, however the Ombudsman may consider otherwise and they may decide that the service would have to pay compensation. Claims management companies were an emerging industry and the pensions service had strengthened the process to minimise the risks going forward.

RESOLVED: That the Pension Board noted the Northamptonshire Pensions Fund - Administration Performance Report.

20. **Pension Fund Business Plan Update**

The Head of Pensions provided an update on the Pension Fund Business Plan. The Fund's incumbent strategic adviser, Mercer LLC, had been re-appointed for the investment advisory services contract. Currently the local government reorganisation in Northamptonshire had not resulted in large changes but the situation was being kept under review. The Business Continuity Plan (BCP) covering the Fund's governance and administration need to be reviewed following the creation of the new unitary authority of West Northamptonshire Council and a template had now been

received. It was different to the previous BCP and therefore a fundamental review was being undertaken and risks considered. It would be submitted to a meeting of the Board in the future.

The majority of the milestones for the cyber-resilience strategy had been completed and an update would be provided later in the meeting.

Work was ongoing in preparation for the application of the McCloud age discrimination remedy and employers had to provide the service with information within two months. It was noted that conversations had been undertaken up to Assistant Director levels regarding the West Northamptonshire Council payroll. Julie Petrie enquired as to whether it was anticipated that the percentage of employers' contributions would have an impact. The Head of Pensions advised that the contributions had been built in from last time and although there had been a significant administrative exercise undertaken, for the majority of people there would be nil or little difference.

It was noted that preparation for the 2022 Valuation of the Pension Fund had commenced in August with the Fund's actuarial advisors to develop requirements and plan for the triennial valuation of the Pension Fund.

The Head of Pensions referred to the increase of 335 undecided leaver records since 31 July 2021, that was due to an increase in volume of cases in the business as usual team following the end of the school year. The project team were dealing with the backlog in house and the quality of reporting was being altered. When a benefit was processed, the LGPS national insurance number database had to be checked to see if there were other benefits due to the members of the scheme and employers had to be contacted, which could lead to delays. It was hoped that the numbers would decrease in the following year.

It was hoped that the Fund's Responsible Investment (RI) Policy would be signed off by the Pensions Committee in December. Work on the Property Strategy had just commenced and a pool led solution was being considered.

Alicia Bruce welcomed the detailed report and queried whether there was sufficient capacity within the service to meet the target dates of March/April 2022; a number of the delays seemed to be due to legalities. The Head of Pensions advised that the authority would be one of the first to go through this process and more resourcing would be required for the cloud remedy. A review was being undertaken of the structure and funding and investments would be merged for one manager post. The business as usual areas were of the greatest concern and 2 new officers had recently been recruited.

Julie Petrie enquired if the overheads charged from councils would be revisited and whether they could be challenged. In response, the Head of Pensions advised that the rates charged were still those decided by Northamptonshire County Council and it was expected that West Northamptonshire Council would review them in the following financial year. A line by line breakdown of the charges was provided and costs were benchmarked through CIPFA. There was currently an underspend on staff.

RESOLVED: That the Local Pension Board noted the Business Plan Update to 30 September 2021.

21. **Governance and Compliance Report**

The Governance and Regulations Manager introduced the report (copies of which had been previously circulated) which was submitted for consideration to every meeting. It was noted that the Pensions Regulator had consulted on a new code of practice which come into force in the spring/summer 2022. The service would produce an action plan in order to ensure that it complied with the code.

It was a legal requirement that all members of the Local Pension Board undertake training for their roles. Appendix A of the report listed the main events that were deemed useful.

The training sessions were hosted by Aon and web links to them could be accessed by the members of the Local Pension Board. Whilst the web links would remain live until 31 March 2022, it was hoped that all Board members would view all of the training sessions by the 31 December 2021.

RESOLVED: That the Local Pension Board noted the contents of the report.

22. **Risk Monitoring**

Consideration was given to the Northamptonshire Pension Fund Risk Register (previously circulated).

The Governance Officer, referring to section 5 of the report, highlighted that the gross and residual score for risk 24 had increased due to recruitment issues and an additional recruitment service was now being utilised. No new risks had been identified, but sickness had impacted on the service as aforementioned. The risk of training not being undertaken by the Board and Committee Members was identified in risks 8 and 9.

The Governance Officer advised that the format of the risk register would alter in the future to illustrate the tracked changes over time, but the numbers would be retained to avoid confusion. An additional risk position column had been added to the executive summary.

Councillor Ken Pritchard queried what additional recruitment avenues were being utilised. The Governance and Regulations Manager advised that specialist recruitment agencies were being used. Julie Petrie added that recruitment was proving difficult nationally but the situation was improving.

RESOLVED: That the Local Pension Board reviewed the current risks facing the Fund.

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

The Employer Services and Systems Team Manager informed the Board that the policy had been updated in line with changes to the Fund's Funding Strategy Statement following a number of amendments to the LGPS Regulations and that it had been approved by the Pension Committee on 11 October 2021.

Alicia Bruce queried whether there had been an adverse impact on the fund due to the regulatory changes. The Employer Services and Systems Team Manager advised that there had not been; the service was in control of the fund and complied with the legislative requirements.

RESOLVED: That the Local Pension Board noted the amendments to the Admission Bodies, Scheme Employers and Bulk Transfer Policy.

24. **Training Strategy**

The Governance Officer reported that the Training Strategy had been reviewed following additional training and CIPFA skills and knowledge framework guidance. The tracked changes illustrated the revisions and when the final guidance was produced it would be reviewed again. Currently there was a credit system in place but it was considered that this did not demonstrate a wide enough range of knowledge and could be subjective. For example a two day course could be less relevant than a one day course. Training would be provided to a consistent standard for all Members and would be compulsory. Supplementary training would also be provided when key decisions needed to be undertaken and external government training highlighted.

Alicia Bruce welcomed the positive change to the modules to make them more prescriptive and considered that there should be a balance between online training and face-to-face training. Alicia Bruce enquired what engagement there had been with regard to the online modules; the Governance Officer advised that it looked like there had been a good uptake but this had not been reviewed in detail as yet. Members would be reminded to complete the modules leading up to the 31st December deadline.

RESOLVED: That the Local Pension Board noted the changes made to the Training Strategy.

25. **Exclusion of Press and Public**

RESOLVED: That Under Section 100A of the Local Government Act 1972, the Local Pension Board agreed that the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 3 of Schedule 12A to the Act would be disclosed to them.

RESOLVED: That the next meeting of the Local Pension Board take place at 2 pm.

The meeting closed at 12.10 pm

Chair: _____

Date: _____