



Local Pension Board

Minutes of a meeting of the Local Pension Board held at The Jeffrey Room, The Guildhall, Northampton on Tuesday 24 January 2023 at 2.00 pm.

Present:

Alicia Bruce (Chair)

Julie Petrie

Councillor Ken Pritchard

Councillor Andrew Weatherill

Katy Downes

Kevin Standish-Day

Officers:

Mark Whitby

Michelle Oakensen

Cory Blose

Paul Hanson

Ben Barlow

Fiona Coates

Sharon Grimshaw

71. **Declarations of Interest**

No interests were declared.

72. **Minutes**

Councillor Andrew Weatherill referred to the query he had asked at the previous meeting regarding the number of days that the audit had taken place over, as he had not yet received a response. The Governance and Regulations Manager undertook to provide a response.

RESOLVED: The Local Pension Board approved the minutes of the meeting held on 3 November 2022.

73. **Chair's Announcements**

The Chair announced that Julie Petrie had been appointed to sit on the Local Pension Board for another four-year term.

74. **Northamptonshire Pension Fund - Administration Report**

Consideration was given to a report which provided an overview of the administrative activities of the Northamptonshire Pensions Fund.

The Governance and Regulations Manager highlighted that the majority of key performance indicators were green but that there had been 3 amber for the last quarter. In October there had been one target missed for the payment of retirement benefits from active employment which had been due to training and resources issues and these had now been resolved. One target was missed in November on providing a transfer in quote and one in December for a transfer out payment both due to recalculations not being allocated and prioritised accordingly. The team had been reminded to highlight any additional checking required to ensure targets are met.

Referring to appendix B, 100% of contributions had been received on time which was very positive. With regard to the Internal Dispute Resolution Procedure cases five were ongoing; one of which had been reported on previously which had been partially upheld at stage 1, the case had progressed to stage 2 and was not upheld. For pension credit members that wanted to convert pension to lump sum, the wording on Member Self Service had now been amended to advise that this was not permitted under the regulations. The second case involved the non-payment of survivor's pension to co-habiting partner due to ineligibility, which had not been upheld at stage 1. The other 3 cases were all at stage 1. The Governance and Regulations Manager undertook to provide an update on the two cases where the adjudication dates had recently passed. Councillor Ken Pritchard enquired as to who made the decision on deferred ill health payments. The Governance and Regulations Manager advised that, for active and deferred members the employer made the first stage decision and it was the Head of Pensions if an employer no longer existed in the Fund. For administering authority disputes the first stage determination was made by the Head of Pensions with support from officers and the stage two determinations rested with the Monitoring Officer.

RESOLVED:

- (i) **The Local Pension Board noted the Northamptonshire Pensions Fund - Administration Performance Report.**
- (ii) **That the Board be provided with an update on the two IDRPs cases where the adjudication dates had recently passed.**

75. **Governance and Compliance Report**

The Governance and Regulations Manager introduced the report and provided an update on the Pension Dashboard. The regulations for which had now been approved and were in force from 12 December 2022 with a requirement for the Fund to be connected by September 2024. Officers were aware that connection could take up to six months and this would need to be factored into timelines. The dashboard would give individuals the ability to see where they held pension entitlements. Clarification was awaited regarding 'the member available point' and the Secretary of State would provide six months' notice. A consultation had been launched on the

draft dashboards compliance and enforcement policy detailing how key risks and compliance and would be monitored. A survey had been undertaken of those aged between 17 and 85 and 57% had responded that they were likely or very likely to use the dashboard. There would be 3 stages of testing for the dashboards. It was highlighted that there was a typo at 5.2.4 of the report and the Taskforce on Climate related Financial Disclosures consultation section and this should read Northamptonshire not Cambridgeshire.

The Pension Regulator had produced a number of policies, as a result of the progress with the dashboard and due to the increased risk of scams because of the cost of living crisis. Scam prevention had been highlighted as an increased risk across the industry. Fraudsters had been known to contact individuals and ask them to move their money from their occupational pension so that they could receive it early all in one lump sum. The pension team had already undertaken a comprehensive review of processes for transfer outs but would review against the scams strategy to ensure continued compliance. There was a red and amber flags check system in place to ensure due diligence in this area.

The Board and Committee training platform would hopefully be in place by late February and the Board would receive login details; all Board Members would need to have core knowledge. Bespoke training would be provided on an adhoc basis to support the core training modules.

The Head of Pensions added that the dashboard would provide less detailed information than the self serve website but it would show high level benefit information for individuals in one place. It was expected to create additional work for the Pensions team as individuals may ask for more information than could be provided on the dashboard.

Further to an enquiry regarding meeting local government climate change risk reporting timescales, the Head of Pensions advised that a high-level (TCFD aligned) submission had already been produced and therefore the change required was not considerable. For example, an additional metric for data quality may be required. Reporting was already taking place, the quality of which would improve over time.

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

76. **Overpayment of Pension Entitlement Policy**

The Governance and Regulations Manager advised that the Overpayment of Pension Entitlement Policy would be considered at the next Pensions Committee. It had been in place for a few years and the proposed changes were set out in section 5.1.1 of the report. Previously there had been limited number of lump sum overpayments, but a consistent approach was required for when they did arise.

Further to an enquiry, the Governance and Regulations Manager noted that the policy had not been revised since 2018/19 partly due to the pandemic and due to the fact that other policies and risks had been a higher priority. Policy review date changes are due to be taken to the Committee for approval which would propose all policies are on a 3 year review cycle with immaterial changes applied when required

by officers. If amendments were required that were material or due to legislation before the review date, then the policy would be referred to the Pensions committees as necessary.

RESOLVED: The Local Pension Board reviewed the Overpayment of Pension Entitlement Policy.

77. Communication Strategy and Plan

The Employer Services and Systems Teams Manager reported that a website review had been undertaken and the new ways of communicating with Members had been included in the amended strategy. The Communications Officer highlighted that the most significant change was that deferred Members now had to include undecided leavers and this explained the large jump in the numbers. The service would be looking to engage with Members in relation to major life events. Within the performance indicators a new section showed benchmarking against other funds. Not everyone used electronic communication, so a process needed to be implemented for those who did not. The key projects in the communication plan were McCloud and the dashboard.

The web pages for employers and members were being reviewed and would be restructured. To inform this process interviews had been held with employers and members and 1,700 responses received. Using the 'insight' tool had improved reporting of the usage of the website and this would help the team to target those members who had not logged onto the system. Employers would not be able to be provided with this information.

Further to discussion regarding the percentage change numbers on the performance indicators from December 2021, the Head of Pensions advised that the reference was to the percentage increase rather than a percentage point, but this would be clarified so that it could not be misinterpreted.

RESOLVED: The Local Pension Board noted the report.

78. Pension Fund Annual Report and Statement of Accounts 2021-22

The Funding and Investment Manager reported that Grant Thornton were now the external auditors and the statement of accounts had been completed within the CIPFA timescales. The statement of accounts was being presented to the Audit and Governance Committee the following evening. Referring to page 156 of the agenda, it was highlighted that contributions were up in line with membership. Benefits had increased in line with pensioner numbers and inflation. Both transfers and payment were demand led. The aim was to increase the market value, it had increased by £264 million this year; it was expected that the effects of the war in Ukraine would impact on the fund next year. Investment assets had increased and current assets had increased through accruals. A number of assets in infrastructure had performed well. The Pensions Services Financial Manager advised that the Investment managers were listed on page 139 of the agenda.

Councillor Andrew Weatherill queried what the funds management expenses were in comparison to others. The Funding and Investment Manager advised that the benchmarking of such expenses was submitted to the Pensions Committee. The Head of Pensions added that the annual meeting of the Pensions Committee was held in July and Mercer provided their management fee analysis. This report would be shared with the Board. Councillor Weatherill wanted reassurance that value for money was being received. The Head of Pensions stated that the Pool worked to ensure that all were reporting on the same basis and it was being reviewed currently.

The Funding and Investment Manager drew the Board's attention the ISA260 Auditor's report and that an unqualified opinion had received on the accounts, which was positive news. There was one material un-adjusted item in private equity, which had to be estimated. The Chair welcomed the excellent work that had been undertaken and praised the quality of the reports produced.

It was noted that the Audit and Governance Committee were reviewing the accounts from Northamptonshire County Council which had not yet been signed off. It was hoped that they would be signed off soon, however it did not affect the publishing of the pension accounts as the LGA were allowing these to be published with an appropriate caveat. The Chair advised that as an employer the organisation she worked for had been able to sign their accounts off but not all employers were able to.

Further to an enquiry from Councillor Andrew Weatherill, the Funding and Investment Manager highlighted the key savings set out on page 136 which exceeded £2.114 million. The Head of Pensions added that private market fees were higher than equity fees and were dealt with on a consistent basis. It was considered to be a reasonable number.

RESOLVED:

- (i) **The Local Pension Board noted the report.**
- (ii) **That the management fee analysis produced by Mercer by shared with the Local Pension Board.**

79. Conflicts of Interest Policy

The Governance and Regulations Manager advised that the conflict of interest declaration forms would be sent to the Board in the next week. Training had been provided in November and the policy approved by the Pensions Committee in December. The training module was still available for those yet to complete it and the link would be recirculated.

RESOLVED: The Local Pension Board noted the approval of the Northamptonshire Pension Fund Conflicts of Interest Policy.

80. Valuation Update

The Employer Services and Systems Teams Manager advised that the consultation period over individual employer contribution rates ended on 31 January. Of the 270

employers, 154 had confirmed the rates with some discussions ongoing. This consultation was however simply to give employers an opportunity to discuss the proposed rates if there were any issues and the contribution rates would be implemented even where the employer has not confirmed acceptance. A confirmation email will be sent to each employer confirming their final contribution rates. The draft funding strategy statement consultation ended in early December and the final draft would be submitted to the committee in March. The new Cessations policy had eased the burden for employers exiting the Fund if they needed to. In reference to the amber indicator on page 251, this was because of pressures from the pandemic and potential issues with affordability, hopefully this would revert to green in the future.

RESOLVED: The Local Pension Board noted the report.

81. **Northamptonshire Pension Fund Forward Agenda Plan**

The Governance and Regulations Manager reported that some activities had been rescheduled to April such as the Code of Practice and the Good Governance Review Action Plan due to awaited guidance. Once the business plan had been confirmed for 2023/24 an agenda plan for the Local Pension Board would be produced for the following year, Members of the Board were asked if they would like any items added to the plan.

RESOLVED: The Local Pension Board noted the forward agenda plan.

82. **Business Plan Update**

The Head of Pensions advised that the red activity was due to project resource being redirected to support Retirements, therefore the Guaranteed Minimum Pension Rectification activity has not progressed to plan but will restart in February 2023. As at 31 December 2022 approximately 6,500 unprocessed leaver cases had been completed in the financial year to date, but this only represented a net reduction of 324 cases due to the build-up of aged business as usual cases.

RESOLVED: The Local Pension Board noted the Business Plan Update.

83. **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.

The meeting closed at 4.00 pm

Chair: _____

Date: _____