



**West
Northamptonshire
Council**

Local Pension Board

Minutes of a meeting of the Local Pension Board held on <https://www.youtube.com/channel/UCujrRO-y6RzkN6zPQ-xNAtA> on Thursday 27 January 2022 at 2.00 pm.

Present Alicia Bruce
 Katy Downes
 Councillor Ken Pritchard
 Julie Petrie

Apologies Paul Hanson
for
Absence:

Officers Joanne Kent, Governance and Regulations Manager
 Mark Whitby, Head of Pensions
 Michelle Oakensen, Governance Officer
 Jeverly Findlay, Committee Officer

26. Appointment of Chair and Vice-Chair

Alicia Bruce agreed to be the Chair for this meeting. It was agreed that the appointment of the Chair and Vice Chair would be deferred to the next meeting.

RESOLVED: That the appointment of the Chair and Vice-chair be deferred to the meeting due to be held on 28th April 2022.

27. Declarations of Interest

No interests were declared.

28. Minutes

Officers at North Northamptonshire Council had been contacted and asked to propose a Councillor from that authority to sit on the Board, but no nomination had been provided; despite the request being reiterated.

The Committee Officer advised that the quorum for the meeting had altered to 3 following the resolution carried at the last meeting.

RESOLVED: The Local Pension Board approved the minutes of the meeting held on 4th November 2021.

29. 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.

30. **Internal Audit Report**

31 Internal Audit Report

The Head of Audit reported that the assurance provided for the adequacy of design and implementation of for the pension administration was substantial and for compliance the assurance level was good. There were only minor errors identified and nothing significant. Three recommendations had been made and overall the assurance was positive.

The Chair queried how far the actions had been progressed and implemented. The Head of Pensions advised that the independent checks referred to in the report were now being checked by a list of individuals and they were being clearly recorded. The audit work was commencing in February and Audit had been asked to check the progress that the service had made against the previous year's actions. Further to discussion, it was noted that if an employer did not respond to the pensions service then they had to accept the information that had been provided.

RESOLVED: That the Local Pension Board noted the findings from Internal Audit work during 2020-21.

31. **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 the appendix to the report relating to the key performance indicators which were all green.

Referring to appendix B, the Governance and Regulations Manager, highlighted that 100% of contributions from employers of the scheme had been received on time in September, October and November. For the period 1 October 2021 to 31 December 2021, only breaches of the law which were deemed as non-material had occurred, which would hopefully be resolved when the changes to the regulations came into force in the near future. There were no new internal dispute resolution cases raised in the September-December time period.

Julie Petrie queried when the Pensions Committee had last agreed the performance indicators and when they would be reviewed. The Governance & Regulations Manager advised that they had been in existence for a while and were in line with CIPFA guidance. The last indicator in the list had been added most recently. Some indicators had been established in response to statutory guidelines and the good governance review may lead to some alterations.

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

32. Risk Monitoring Report

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

The Governance Officer, noted that the risk register was under continuous review and was submitted twice yearly to the Pensions Committee. A few mitigations had been added over a broad area of the risks. Risk 24 had previously increased due to the difficulties that had arisen over recruitment, a number of posts had been filled and therefore this risk had now reduced.

Unfortunately not all the Members of the Pension Committee or the Local Pension Board had been able to complete all of the training modules by the deadline of 31 December 2021. The extension for the completion of the modules had been agreed until 31st January 2022. The risk register had been amended to include 2 further columns in order to identify movements of the risks. The objectives had also been added as an appendix for clarity.

Julie Petrie referred to the proposed action plan to reduce the carbon risk within the fund's investments and transition to a more sustainable portfolio and asked what the timescale of this project would be. The Head of Pensions advised that the work would start in February. Julie Petrie considered that timescales should be provided for risks 6,13 and 25. Further to discussion, with regard to risk 16 and whether dual factor access was used by Officers, it was noted that Officers had separate credentials to

sign in to the Altair system and that the system did have a physical server in two locations.

The Chair welcomed the format of the risk register, but queried the direction of travel for the amber risks and suggested that the impact and likelihood columns could be reduced. The Chair also noted that the number of risks (27) was a considerable amount to manage. The Head of Pensions advised that the risk register was used by officers to manage the risks and it was useful to see at a glance the impact and likelihood targets. There would not be much movement with some risks, but the suggestion would be considered by the team. Further to an enquiry regarding risk appetite levels, the Governance Officer advised that some of the risks were not under the pension team's control e.g. if an employer could not pay their contributions. More information could be added to the risks so that it was clear that they would not all be able to become green.

RESOLVED:

- (i) That the Local Pension Board reviewed the current risks facing the Fund.**
- (ii) That the Head of Pensions review the possibility of implementing dual factor access with Altair and through the corporate network.**

33. Pension Fund Business Plan and Medium Term Strategy Update Report to 31 December 2021.

The Head of Pensions provided an update on the Pension Fund Business Plan and advised that the contract for the investment advisory service had been awarded to the incumbent strategic advisor effective from 9 December.

The Board's attention was drawn to section 4.9 of the report and the reconciliation required for scheme members' contracted out liability against that held by HMRC. There had been a considerable delay as HMRC had not provided the information. This had delayed the rectification stage. 1,841 variance cases had been identified and 997 of these cases needed to be reviewed in order to determine whether an underpayment or overpayment of an individual's pension had been made. Any overpayments would be written off in line with the Fund's Overpayment of Pension Policy but underpayments would be paid over the next year.

Julie Petrie enquired whether performance standards had been considered when appointing the investment advisor. The Head of Pensions advised that this was always considered when procurement was undertaken.

Further to an enquiry, the Head of Pensions advised that Altair was the main system used in local government. The transition process for a new system would take a year.

Alicia Bruce queried whether the overpayments would need to be considered by the Pension Committee. The Head of Pensions advised that it was his understanding that they would not as this was covered in the Overpayment of Pension Policy but this would be confirmed. It was expected that some of the overpayments would be small.

Work was ongoing in preparation for the application of the McCloud age discrimination remedy and scheme employers were gathering the data that was required. Some of the main providers were yet to provide the data. A bill was currently going through parliament which was likely to create a second set of regulations. The new age discrimination regulatory changes were likely to be effective from October 2023, so this would provide more time to get the data prepared.

The Head of Pensions referred to the increase in undecided leaver records that necessitated additional recruitment to be undertaken. There would not be a situation where there would be no cases over six months old because data had to be sought. However progress was being made and monthly meetings were held including all parties within the service area. There were 150,000 members in the scheme. As highlighted at the last meeting, schools changed contracts frequently, which caused a systematic issue.

It was noted that staff had moved internally and the establishment in the retirements team had been increased to allow for greater flexibility. There had been a slight underspend in staff related costs.

The Board discussed the ongoing issues regarding Prudential. The Governance & Regulations Manager advised that there were delays in providing the information for inclusion in the Fund's Statement of Accounts and benefit statements to members. and this had been raised with Prudential. The Local Government Association and the Pensions Ombudsman were aware of the problems.

With regard to the resource levels, the Head of Pensions highlighted that the level in the majority of teams was now right. There had been an isolated problem but this had been in an area of lower priority work. It was believed that the resources in place would be sufficient for the valuation work in the next year and there was also a reliance on the Fund Actuary to undertake that process.

RESOLVED: That the Local Pension Board noted the Business Plan Update to 31 December 2021.

34. **Governance and Compliance Report**

The Governance and Regulations Manager introduced the report (copies of which had been previously circulated) and drew attention to section 5 of the report and the fact that the income and expenditure for the scheme had increased.

New legislation had come into force in response to the national increase in scams. On 30 November 2021 further legal restrictions on the member's right to transfer out of the scheme had come into effect. These changes had resulted in an increase in processing times but improved due diligence.

It was a legal requirement that all members of the Local Pension Board undertake training for their roles and if they could not complete all the modules by the extended deadline of 31 January, they were asked to advise Officers.

Councillor Ken Pritchard queried how the service would react if they were made aware that a scam had occurred and that funds had been transferred. The Governance and Regulations Manager advised that an in depth investigation would take place; very few transfers were made overseas and officers were on high alert to review such applications, the new regulations ensured that there were extra controls in place. The Head of Pensions added that the scheme employer would have to pay the balance of the costs and that this was not an insurable risk for employers. The Chair considered that the changes in legislation had created a tighter process and therefore the likelihood of scams being successful was low.

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

35. **Business Continuity Plan**

The Head of Pensions reported that a new template had been produced by West Northamptonshire Council for Business Continuity Plans; the main difference was with regard to the various scenarios and timescales. It would be shared with the Corporate Team.

RESOLVED: That the Local Pension Board reviewed the content of the Business Continuity.

36. **Investment Strategy Statement**

The Head of Pensions advised that the Fund's Responsible Investment Policy had been agreed by the Pensions Committee. Work would now commence on the de-carbonisation of the investment portfolio. The webpage would include a climate dashboard and the carbon footprint of the scheme would be tracked as it decreased. The Investment Sub-Committee would agree the targets. The Fund would also sign up to the Financial Reporting Council's UK Stewardship Code 2020.

The Board welcomed the proposal to de-carbonise that investment portfolio and improve sustainability.

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

37. **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

Local Pension Board - 27 January 2022

Chair: _____

Date: _____