

## Public Local Pension Fund Board Minutes

Date: Friday 27 January 2023

Time: 10:00am – 12:15 pm.

Venue: Virtual

Present: Employer Representatives: Parish Councillor Denis Payne [Chair]; and County Councillor Philippa Slatter (from 10.30).

Employee Representatives: Martin Dachs (from 10.10), Val Limb and Barry O'Sullivan [Vice-Chair]

### 75. Apologies for Absence and Declarations of Interest

Apologies were received from Councillor Simon King, apologies for lateness were received from Martin Dachs.

No declarations of interest were received.

### 76. Local Pension Fund Board Minutes – 4 November 2022 and Action Log

The minutes of the meeting held on 4 November 2022 were agreed as a correct record and signed by the Chair. The action log was noted.

### 77. Administration Report

The Local Pension Fund Board received a report which demonstrated the Pension Fund's performance for the period October to December 2022, excluding October and November statistics for Member's Surveys due to a system error. The report noted: two compliments; five complaints; an annual average receipt of 99.5% contributions; two internal disputes - one upheld, the other scheduled for review by the monitoring officer, 12 February 2023; and two missed KPIs (key performance indicators) which had been mitigated through additional training and resource. Since agenda publication, there had been one escalation for late contributions, but all other contribution payments had been paid.

In response to the report, members:

- Clarified that Cambridge Community Services NHS Trust had ceased to be a member of the fund as the last active member left the LGPS and most employees within the service had NHS pensions.
- Understood that missed retirement benefit payments were associated with a system failure as well as training and resource issues, which had all been

resolved. Further, the Altair workflow system was time-sensitive and therefore delays would impact KPI performance. However, benchmarking against other funds demonstrated timescales in the Cambridgeshire Pension Fund were efficient. The issue with the member surveys were as a result of using a different reporting method which had not been run in parallel with the previous system. As a result, fewer surveys were issued in October and November, causing a reduction in data. The reporting has reverted back to the original reporting method until officers were confident the new method was working adequately.

- Noted that it was unknown when the legislation for the five-year requirement for refunds on contribution payments would be amended and was an ongoing issue.

It was resolved to note the Administration Performance Report.

## 78. Governance and Compliance Report

The Local Pension Fund Board received a report which provided information on: Pensions Dashboard Regulations; Taskforce on Climate Related Financial Disclosures (TCFD) consultation; the Pensions Regulator enforcement and prosecution policies and publishes scam prevention strategy; and skills and knowledge opportunities.

Pension Dashboard – The Pension Dashboard Regulations were enforced on 12 December, and compliance was expected. A consultation had been released on compliance and enforcement, closing 24 February 2024. Connection to the dashboard could take up to six months, and the Fund was working towards the September 2024 connection date. Following connection, members may contact the service having identified benefits within the fund for more information. Therefore, the service was anticipating a pressure point when the connection point was reached. Following a survey, the Pension Dashboard Programme believed 57% of participants were likely to use the dashboard. They expect this percentage to increase as the dashboard became available and more widely understood.

TCFD consultation – The service had replied to the consultation on behalf of the Cambridgeshire Pension Fund for which DLUHC would publish a formal response. It was anticipated that the regulations would be implemented by April 2023.

Scam prevention – Action included: compliance with the Pensions Regulator's Scam Prevention Strategy; awareness raising activity by the Pension Scam Active Group; use of a red-amber flag system as prescribed by the Pension Regulator; performing due diligence; and ensuring appropriate communication for transfers out. The fund was also analysing the Scam Prevention Strategy to see whether additional improvements could be made to protect members.

Training plan – The online training platform was scheduled to commence by March. Through this, members would be able to complete mandatory core training.

Governance Conference, January 2023 – Members stated that the conference had stressed the importance of the following: incorporation of the Pension Dashboard onto every meeting agenda for pension committees and boards; communication between

employers and members; good administration; and phonenumber communication. The January 2024 dates had been released.

Administration software – The contract end date was September 2024. The new software procured would be determined a year in advance of contract end date.

In response to the report, members:

- Learned that, following an increased robustness in processes, the service had identified no direct scam transactions or potential threats, although amber flags had been raised in some cases in which additional assurance was required. There had been isolated scam attempts at West Northamptonshire, all of which were halted.
- Reported that, nationally, Local Pension Fund Board members had outscored Pension Fund Committee members in the 2022 Knowledge Assessment.

It was resolved to note the Governance and Compliance Report.

## 79. Overpayment of Pension Entitlement Policy Cover Report

The board was given the opportunity to provide pre-scrutiny on the Overpayment of Pension Entitlement Policy. This would be approved by the Pension Fund Committee in March 2023. As the policy was largely fit for purpose, there were few changes, the largest of which was the inclusion of lump sum overpayments in order that inconsistencies in process would reduce.

In response to the report, members:

- Suggested the examples provided in Appendix 1 were made more current. Action.
- Clarified that overpayments exceeding £250 would be reclaimed prior to the limitation period listed in Appendix 1 unless restrictions prevented this from occurring. In circumstances in which reclamation could not be made, specific evidence was required to demonstrate this.
- Agreed that officers would assess Appendix 1, 13.1: Limitation period, procedure for which was led by HMRC. Action.

It was resolved to review the Overpayment of Pension Entitlement Policy.

## 80. Communications Strategy and Plan Report

The strategy received included: commencing benchmarking against other funds; engaging with members by relating pension decisions to life stages such as marriage or job promotion; supporting pensions awareness week; and a website restructure project

that would include personalised navigation – prototypes of pages for members and employers were already in place. The board noted that the recording method for the number of deferred members now included undecided leavers and therefore the statistics for this had increased.

In response to the report, members:

- Learned that opt-out rate data was gathered by the Systems Team. This number was monitored and used to inform strategies for reducing opt-out rates, however, preventative controls were limited. The member suggested formulating an exit questionnaire to improve retention.
- Understood scheme members were required to provide written evidence of their desire to opt out of information services. This was in order that an audit trail existed.
- Reported that, during the Governance Conference, promotion of the 50:50 scheme had been suggested as a method for improved retention. This would need to be balanced with the service's duty not to offer financial advice.
- Clarified that the Plain English Society evaluated communication sent to stakeholders and that a member of staff was undergoing a plain English diploma to improve resilience within the organisation.
- Requested that capitalisation for plain English was standardised throughout.  
**Action.**
- Were reassured that the Pension Fund recorded personal preference for communication type, therefore individuals without internet were also catered for. 37% of pensioner members stated a preference for online communication – this was the largest age bracket requesting this form of communication. Should an individual require aid accessing self-service online provision, safeguarding prevented an advocate from being provided with log in details, although exceptions existed, such as for individuals granted power of attorney.
- Pressed that receiving no response to communication did not guarantee that the information provided had been understood and therefore measurement for whether communication had been successful included whether the desired outcome of the communication had occurred.
- Established the brief for the website had requested page analytics. A member asked if officers would be able to determine where individual users were accessing the website from. Officers confirmed that the analytics do provide locations based on the IP address but in many cases this would be limited by employers' registered IP addresses as most members accessed the website during work time. This data would be compared with data from the previous website.
- Discovered the website would detail the most popular pages on the homepage.

- Noted that undecided leaver status was not an official status and therefore was not included in public documents.
- Requested that the Local Pension Fund Board was included in the Communications Strategy as a method by which communications with stakeholders took place. **Action.**
- Amended that, under 'Brand Identity' within the Communications Strategy, the Local Pension Fund Board should be listed as being '**included in** high level decisions', rather than required to 'sign off high level decisions'. **Action.**
- Requested that the requirement for the Pension Fund to be registered under the Data Protection Act 1998 was updated to reflect current legislation. **Action.**
- Asked that the table listing stakeholders include scheme advisory board. **Action.**

It was resolved to note the contents of the report.

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

The board received a set of accounts audited by Ernst and Young and reviewed by the Pension Fund Committee and Audit and Accounts Committee. Accounts were produced in line with CIPFA guidance and within the timelines given. Key highlights of the Pension Fund Annual Report and Statement of Accounts included: a reduction in contributions which reflected a reduction in membership; an increase of deficit payments in 2021 and a decrease in 2022; a reduction in investment liability, demand for transfers, current assets, and profit losses or disposals; and an increase in investment assets, benefits (in line with inflation) and ACCESS actuary audit cost; management expenses and current liabilities remained unchanged.

The auditor's report found one uncorrected material mistake relating to level three investments, which had occurred as a result of an inaccurate valuation of property assets. However, no changes were required or recommendations made.

In response to the report, members:

- Congratulated the service on the outcome of the audit.
- Noted that, in future, non-invoice expenses would be included on the forecast management costs, which would reduce the difference between the forecast and actual total management cost.

It was resolved to note the Annual Report and Statement of Accounts and the findings of external audit.

## 82. Conflicts of Interest Policy Report

The board received the Conflicts of Interest Policy as approved by the Pension Fund Committee 14 December 2022 and published on the website. To ensure continued compliance with the policy, a declarations of interest form would be sent to the board by 31 January 2023, on which training had been offered in November.

In response to the report, members:

- Requested that declarations of interest form headings clarified sections relating to the individual or their family members. **Action.**
- Asked that a link to the recorded conflicts of interest training session be circulated with the declarations of interest form. **Action.**

It was resolved to note the approval the Cambridgeshire Pension Fund Conflicts of Interest Policy.

### 83. Valuation Update

The Local Pension Fund Board received a report on valuation. The consultation period in which employers could discuss their draft contribution rates was closing 31 January 2023. Thus far 251 employers had accepted the draft contribution rates. For the remaining employers, officers would confirm the draft rates as final rates. The officer also reported six “tier three” employers (those without a guarantor) which were in discussions with officers working towards a managed exit from the fund. In many cases, these employers (typically charities) could leave the fund without a large deficit payment, due to the change in the cessations policy.

It was resolved to note the Valuation Update.

### 84. Agenda Plan

The officer reported that the 23/24 Agenda Plan would be created once the Business Plan had been approved. The Code of Practice Action Plan and the Good Governance Review Action Plan were scheduled for April, due to national guidance awaited in these areas.

The Chair and democratic services assistant would discuss when the next in person meeting would take place.

The agenda plan was noted.

### 85. Business Plan Update

The Business Plan Update was received by the Local Pension Fund Board. The single red activity was intentional, caused by the decision to move resource to support the

Retirements Team. Inflation and pay awards had impacted resources, more so due to a lower staff vacancy factor than typical.

The officer corrected the report: 7,800 unprocessed leavers in total had been actioned, this included un-ringfenced cases.

In response to the report, members:

- Highlighted that the ability to work from home when employed both by this organisation and others would result in nationwide staffing competition, therefore it was positive that the fund offered a good salary to employees. The officer responded that it was most difficult seeking staff with specialist skillsets.
- Noted that the Climate Action Plan listed fewer targets for 2023/24. This was because considerable work had already taken place. Additional targets would be inputted following a review of Mercer's research and due diligence work by the Pension Fund Investment Sub-Committee.
- Clarified that the disposal of assets had been based upon quarterly actuarial assumptions but impacted by world events.

It was resolved to note the update.

## Exclusion of Press and Public

It was resolved that the press and public be excluded from the meeting on the grounds that the agenda contained exempt information under Paragraphs 1 & 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information).

Chair