

CONFIDENTIAL

MINUTES OF THE PENSION COMMITTEE

Date: Thursday 7th December 2017

Time: 10:05-11.30

Place: Room 128, Shire Hall, Cambridge

Committee Members

present: County Councillors P Downes, A Hay, R Hickford (Vice-Chairman), T Rogers (Chairman) and M Shellens; T Roden

Officers: D Cave, S Heywood, M Oakensen, J Walton and M Whitby

Apologies: Cllrs Schumann, Seaton and Fraser; John Walker

44. DECLARATIONS OF INTEREST

There were no declarations of interest.

45. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE MEETING HELD ON 19th OCTOBER 2017

The minutes of the Pension Fund Committee meeting held on 19th October 2017 were approved as a correct record and were signed by the Chairman.

The following items were noted under the Action Log:

Minute 21 – Statement of Accounts – following discussions with Councillor Shellens, it was proposed to include a user-friendly summary. CIPFA were coming to talk to the whole team about simplifying the presentation whilst remaining within the regulatory reporting requirements. This would be implemented in the next financial year.

Minute 35 (2) – officers updated the Committee on their discussions with a late-paying employer, a Multi Academy Trust, which needed to be resolved. Legal advice had been sought from Eversheds-Sutherland LLP, and a limited range of options had been suggested, which would be discussed with the scheme actuary. Whilst it was not possible to exclude a persistent late-paying employer, they could be charged more. Tracy Roden offered to open up dialogue with that particular employer, given that she worked in the same sector, to see if she could assist further, and it was agreed that Tracy would liaise with officers outside of the meeting. **Action required.**

The Committee noted the Action Log.

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46. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT 2017-18

Michelle Oakensen presented the third Business Plan update for the 2017-18 financial year.

The Payroll Reconciliation had finished on 06/12/17. 236 members had been overpaid, and 255 members underpaid, which in percentage terms was quite low. The reasons behind the overpayments, which largely related to the application of pension increases every year, were outlined. One of the overpayments was significant - £1000 per annum over 25 years - whilst the rest were relatively low. Legal advice was being sought on the significant overpayment as it was classed as an unauthorized payment from a HMRC perspective. It was noted that Cambridgeshire had undertaken a previous reconciliation down to an agreed threshold, but the latest reconciliation had a much lower limit. The Chairman congratulated officers for completing the reconciliation 25 days ahead of schedule.

Officers reminded Members that the Guaranteed Minimum Pension (GMP) reconciliation had been outsourced to an external data audit company, ITM Limited, who had completed over half of the records. ITM had raised a significant number of queries with HMRC, but as HMRC had been inundated with similar requests on GMP reconciliations from other authorities, it was taking longer than anticipated. Therefore it had been agreed that the project should be paused, and the project deadline extended to 31/03/18. It was noted that some Pension Funds had not even started their GMP reconciliations.

A new member site was due to be launched in January 2018 hosted by Heywoods, which would be more accessible e.g. from mobile devices. The Employer sites are run internally and supported by LGSS IT. Pension Members would be advised when the site was launched. A Committee Member asked what the position would be if Heywoods went bankrupt: officers advised that they would need to find another supplier and start again, but migration would be very straight forward, as it was now well embedded. However, business failure was unlikely as Heywoods were the market leader.

Turning to the confidential appendix of the report listing late payment of contributions for August and September 2017, Members noted that the first three employers were part of a Multi Academy Trust. The payment schedule for those three schools had not been received so could not be reconciled, and they had been reported to the Pensions Regulator in October for persistent late payments. The Pension Regulator had advised that they would monitor the situation over the next six months, after which point LGSS Pensions would submit another report to them if the problem was not fully resolved. The employer has acknowledged that their systems had not been up to the required standard, but they had given assurances that systems were now in place.

Moving to the last employer on the private appendix, it was confirmed that a separate report had been submitted to the Pensions Regulator regarding this employer. The issue related to both payments and schedules. Members expressed strong concerns around the cashflow situation for this employer, the substantial amount of outstanding contributions, and the lack of adequate administration in terms of raising invoices and collecting debts. It was suggested that this issue should be raised with the County Council's Chief Executive, and Councillor Hickford agreed to take this forward. **Action required.**

It was resolved unanimously to:

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1. Note the attached Pension Fund Business Plan Update for the period September to October of the 2017-18 financial year.

47. DATA QUALITY

The Committee considered a report on how data quality would be assessed and rectified, and the progress of data improvement projects already underway.

Members were reminded of the legislative requirements for the Pension Fund to hold accurate data. Of particular note was the General Data Protection Regulation (GDPR) which would come into force in May 2018. Whilst regular checks of data quality were already undertaken by the Fund, a more holistic assessment of all data held by the Fund was required to ensure compliance with legislation, and also to realise the benefits of accurate data. LGSS Pensions had entered into a partnership with ITM Limited to produce the tests for a data audit unique to that of data held by LGPS funds. The audit would assess the quality of the data held on the pensions administration system and also the pensions payroll module, and provide an overall data quality score. It was clarified that the Cambridgeshire and Northamptonshire Funds would contract separately with ITM. The outcome of that Data Quality assessment would be presented to the next Pension Fund Committee meeting in March.

A Member observed that “common data”, including names, should be 100% accurate: however, in one of the later reports on the Proof of Existence exercise for Overseas Pensioners, it was stated that a number of pensioner members could not be included in this exercise as membership records did not hold a full first name(s), just initials, but that this was acceptable under the Pensions Regulator’s requirements for ‘common data’ belonging to a pension scheme. Officers explained that those particular individuals where only initials were available were members of the County Council’s compensatory scheme. This was separate to the LGPS Pension Fund managed by the Pension Fund Committee, as they were not part of that Fund. However, LGSS Pensions manage those pensions on behalf of Cambridgeshire County Council.

It was resolved unanimously to note the content of the report.

48. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

The Committee received a report on the admission of two admission bodies to the Cambridgeshire Pension Fund.

It was resolved unanimously to:

1. Note the admission of the following admission bodies to the Cambridgeshire Pension Fund:
 - Pabulum Catering (City of Ely College)
 - Pabulum Catering (Sawtry College)

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49. EXCLUSION OF PRESS AND PUBLIC

It was resolved:

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds it contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information which is likely to reveal information relating to the financial or business affairs of any particular person) and that it would not be in the public interest for this information to be disclosed.

50. GOVERNANCE AND LEGISLATION REPORT

The Committee received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events.

It was resolved unanimously to note the content of the report.

51. OVERSEAS PENSIONERS PROOF OF EXISTENCE EXERCISE

Officers presented an overview of the effectiveness of the overseas pensioners proof of existence exercise.

It was resolved unanimously to note the content of the report.

52. ASSET POOLING UPDATE

The Committee considered an update on asset pooling.

It was resolved unanimously to agree the recommendations as set out in the report.

53. DATE OF NEXT MEETING 10am Thursday 29th MARCH 2018