

MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Wednesday, 20th January 2015

Members of the Board:

Employers – Ian Dewar and Councillor M McGuire (Chairman)

Scheme Members - B O’Sullivan (Vice Chairman) and J Stokes

Officers in attendance:

M Oakensen –Governance Officer

D Snowdon – Democratic Services Officer

M Rowe – Democratic Services Manager

J Walton – Governance and Regulations Manager

M Whitby - Head of Pensions

Time: 2.00pm. to 3.40 p.m.

Place: Shire Hall, Cambridge

Action

20. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies received for Mr David Brooks, and no declarations of interest.

21. MINUTES AND ACTION LOG – 21st OCTOBER 2015

The minutes of the meeting of 21st October 2015 were approved as a correct record and signed by the Chairman; the Action Log was noted. In relation to item 14 it was explained further that a company name could remain as a legal entity despite having been taken over by another organisation.

22. PROCEDURE FOR FUTURE APPOINTMENTS TO THE LOCAL PENSIONS BOARD.

The Board received a report that set out the process for appointing future members to the Board. Board members were reminded of the difficulties experienced in attracting applicants and noted the desire to retain the current membership given the considerable investment made in training and development. The Board was also reminded that at its meeting on 16 July 2015 it was agreed that substitute members were not required as the Democratic Services Officer would do his utmost to ensure mutually convenient dates were arranged for the meetings which might require the cancelling and rearranging of some meetings.

During discussion Board members:

- emphasised the importance of establishing the presence of the Board through existing communications to scheme members such as the Pensioner Newsletter and Active Member Newsletter. It was questioned whether the website for the pension scheme was mentioned in communications, particularly on payslips. Officers confirmed that there was sign posting to the website on communications but possibly not on payslips. The Board noted that the Council was moving to a new payroll system and it was something that could be developed as part of that work. JW/MW
- suggested that if officers were successful in building a waiting list of potentially interested applicants via a link on the website that it would be beneficial for them to be enrolled on the first training course Board members attended as an introduction. Officers confirmed that this training course had been run for the introduction of Local Pension Boards only. However, it was suggested that an in-house presentation could be delivered to prospective members. It was also highlighted that the Pension Fund Board meetings were public meetings and prospective members could therefore attend to gain an understanding of the work of the Board. JW/MW
- clarified the process for appointing new members to the Board. It was explained that Full Council would appoint Councillors to the Board. It was agreed to seek advice on the appointment process for other members from the Local Government Pension Scheme (LGPS) Advisory Board and the Council's Monitoring Officer. JW/MR

It was resolved:

To consider arrangements to address the issue of substitute members, succession planning and the length of service for Board members.

23. EXECUTIVE SUMMARY OF STANDING ITEMS PRESENTED TO THE PENSIONS COMMITTEE HELD IN OCTOBER AND DECEMBER 2015

A report was presented to the Board that contained standing reports presented to the October and December 2015 Pension Committee meeting: The Business Plan Update Report; Overpayment of Pensions Report; Employers Admissions and Cessations Report; and the Governance and Legislation Report.

It was resolved to note the contents of the report.

24. REVIEW OF ADMISSION BODIES, SCHEME EMPLOYERS AND BULK TRANSFER POLICY 2015.

The Board received the policy for Admission Bodies, Scheme Employers and Bulk Transfer. The policy had been presented and approved at the Pension Committee meeting that took place on 22 October 2015. It had been revised following an exercise to streamline the policy and amend a number of technical terms following the introduction of the Local Government Pension Scheme Regulations 2013. Officers explained that

there was no statutory requirement to have a policy but it was regarded as good governance and practice.

During discussion Board members:

- Expressed surprise that there was no statutory requirement for the policy to be in place.
- Raised an issue regarding Parish Councils, where because it was becoming mandatory for employees to become members of a pension scheme, issues regarding possible discrimination and Parish Clerks offering pension advice to Parish Council employees, something that they were not qualified or regulated to do, had arisen. There appeared to be little guidance produced and that was further compounding the issue. Officers confirmed that changes were being made to the assessment process and clearer communication was being produced for Parish Councils to enable them to better understand their funding position.
- Confirmed that the contribution levels for new Parish Councils who joined the LGPS was lower and that they were not expected to contribute toward addressing past deficits.

It was resolved to review the policy and make recommendations to the Pension Committee where appropriate.

25. REVIEW OF EMPLOYEE AND EMPLOYER CONTRIBUTIONS 2015.

The Payment of Employee and Employer Pension Contributions Policy was presented to the Board. The policy was designed to ensure that both Scheme Employers and officers of the Fund had a clear process for dealing with non-compliance and to provide further strength and evidence to the Pensions Regulator that as a Fund, all the relevant controls were in place. Officers highlighted the escalation process for late or non- payment of contributions. The Board was informed that the policy was approved by the Pensions Committee on 17th December and would become effective from April 2016.

During discussion Board members:

- Questioned whether the late payment fee represented a significant deterrent. Officers explained that the impact of the fee would be relative to the size of the organisation making the late payment. The fee was not meant to be punitive but cover the administration costs involved. It was noted that interest was also applied. The Board was informed that late payments tended to be made by smaller admission bodies rather than large employers.
- Confirmed that a copy of the action taken to recover late payments was sent to senior management at the organisations where payments were made late. It was confirmed that the late payment rate was around 2.5% and the final step in recovery action would be taking a

Scheme Employer to court to recover the money.

- Confirmed that there had not been a situation where debts had had to be written off. Details were received of an employer that was struggling to pay contributions and the advice of the Pensions Committee was then sought as to whether to terminate the employers' membership of the scheme.
- Questioned the implications for Scheme Members if a Scheme Employers' membership of the Pension Scheme was terminated. It was explained that members would receive what they were entitled to up to the point of termination but responsibility for the future pension arrangements of members would rest with the former Scheme Employer.
- Highlighted that with greater austerity and the increased outsourcing of services, pensions were often not a major consideration when taking over services and might present issues in the future. Officers confirmed that the position was improving and education was important in order to mitigate issues.

It was resolved to review the policy and make recommendations to the Pension Committee where appropriate.

26. STATEMENT OF INVESTMENT PRINCIPLES

The Board received the Statement of Investment Principles July 2015. The Local Government Pension Scheme regulations required every administering authority to prepare, maintain and publish a written statement of the principles that governed its decisions about the investment of Fund money. Officers drew the attention of Board members to amendments that were effective from July 2013 and July 2015 following the approval of the Pension Committee.

During discussion Board members clarified their understanding of the benchmark targets and noted that they were presented in greater detail within other reports that were considered by the Pension Committee and the Local Pension Fund Board.

It was resolved to review the Statement of Investment Principles July 2015 and make recommendations to the Pension Committee where appropriate.

27. AGENDA PLAN

The agenda plan was presented to the Board.

Board members agreed that a draft of the Local Pension Board, which might be included within the Pension Committee Annual Report, be presented to the April meeting of the Board.

The Board requested that Democratic Services check to ensure that the agenda and associated reports for the Pension Committee were being circulated to Board members. (Note: this action had been completed in the

MR

Action Log, item 12).

Board members also queried when a report would be produced on the progress of the Cambridgeshire Bank. Officers agreed to update Board members on when a report was likely to be produced.

JW

It was resolved to note the agenda plan including the addition of the draft Local Pension Board Annual Report to the meeting on 28 April 2016.

28. EXCLUSION OF PRESS AND PUBLIC

It was resolved to:

Exclude the press and public from the meeting for the following item of business on the grounds that the contain exempt information under Paragraph 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 the financial affairs of any particular person (including the authority holding that information).

29. ASSET POOLING IN THE LOCAL GOVERNMENT PENSIONS SCHEME

Members of the Board received a presentation regarding asset pooling in the Local Government Pension Scheme (LGPS). Officers informed Board members that the Government had invited LGPS Administering Authorities to come forward with proposals to invest their assets through pools of at least £25 billion to achieve cost savings and the benefits of scale.

It was resolved to note the presentation delivered to the Board.

Chairman