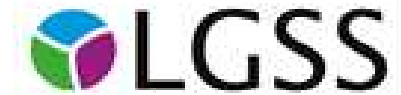


# LOCAL PENSION BOARD



## MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

**Wednesday 25th January 2017**

*Members of the Board in attendance:*  
*Employers – Councillor P Downes [Vice-Chairman]*

*Scheme Members in attendance:*  
*B O'Sullivan [Chairman], D Brooks and J Stokes*

*Officers in attendance:*  
*M Rowe – Democratic Services Manager*  
*M Oakensen – Governance Officer*  
*D Snowden – Democratic Services Officer*  
*P Tysoe – Investments and Accounting Manager*  
*J Walton – Governance and Regulations Manager*  
*M Whitby – Head of Pensions*

*Time: 10.00am to 12:25pm*  
*Place: Shire Hall, Cambridge*

### **57. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

There were no apologies received.

The Chairman declared a Disclosable Pecuniary Interest under the Code of Conduct as his wife had become a member of the Local Government Pension Scheme (LGPS); Councillor Downes also declared that he was a member of the LGPS.

### **58. LOCAL PENSION BOARD SEMINAR FEEDBACK**

At the discretion of the Chairman the order of the agenda was changed due to the meeting not being quorate.

The Board received feedback from the Chairman regarding the Local Pension Board seminar that took place in November 2016. The Chairman recommended that Board members attend in the future. The speakers were knowledgeable and covered topics including structure and governance models, valuations and training. The Chairman advised that he would circulate the training material by email to Board members. **ACTION**

**CHAIR**

The Chairman informed the Board that a scheme member had approached him raising concern over the notice period provided for changes to late retirement

factors. Officers advised that the Government had made changes that affected people who were working beyond their retirement age. Disclosure rules dictated that material changes to pensions had to be communicated within 3 months of the change. Communication had been issued within 2 months of the change and therefore the statutory timeline had been met, albeit Officers did not consider this to technically be a material change. The short notice was therefore the fault of the Government.

Councillor Downes arrived at 10:15am

## **59. MINUTES OF THE PENSION FUND COMMITTEE**

It was resolved to note the contents of the Pension Fund Committee held on 8<sup>th</sup> December 2016.

## **60. MINUTES & ACTION LOG – 26<sup>TH</sup> OCTOBER 2016**

The minutes of the meeting of 26<sup>th</sup> October 2016 were approved as a correct record and signed by the Chairman.

Matters arising from the action log:

- The Board noted the decision of the ACCESS Shadow Joint Committee not to appoint a member representative to the Joint Committee.
- Requested that estimated completion dates be added to the action log.

### **ACTION**

- Board members noted that the Council's Monitoring Officer had confirmed that the Chairman and Vice-Chairman of the Board would be invited to take part in the interview process.

**DS**

It was resolved to note the feedback.

## **61. EXECUTIVE SUMMARY REPORT**

The Board received the Executive Summary Report of the items discussed at the October and December 2016 meetings of the Pension Committee.

In the course of discussion Board members:

- Expressed concern regarding the financial position of many Academy Schools and questioned what the possible risks were to the pension fund if their financial position became untenable. Officers advised that the Government was the guarantor of last resort. How academies were treated within the scheme would be reviewed if there was a change to government policy.
- Drew attention to the outsourcing of services from the public sector to the private sector but retained pension risks following the outsourcing. Officers explained that it was common for pension risks not under the control of the contractor to be retained in order to minimise the contract price of the service.

It was resolved to note the Executive Summary Report.

## **62. INTERNAL AUDIT REPORT 2015/2016**

The Board received the 2015/16 Internal Audit Report of the LGSS Pensions Administration. The audit supplied substantial assurance following the assessment of the adequacy of design and

During discussion of the report Board members:

- Clarified the levels of assurance provided by auditors. Officers drew attention to the explanation of the assurance levels provided in appendix 1 to the report.
- Noted the “Tell Us Once” service that had been used by the Pensions Team since April 2016 had been successful however, it was an optional service that required the service to be requested when registering a death.
- Noted the risk management process and role of the risk register within the audit process.

It was resolved to note the Internal Audit Report 2015/16.

## **63. CAMBRIDGESHIRE PENSION FUND VALUATION REPORT**

Board members were presented the Cambridgeshire Pension Fund Valuation Report. The report provided an update on the progress of the 2016 valuation of the Cambridgeshire Pension Fund. The Pension Fund valuation was carried out on a triennial basis, provided a health check of the whole Pension Fund, and provided employers with their individual funding positions.

During discussion:

- Noted the assumptions made during the valuation process.
- Noted there had been keen interest from employers in attending surgeries.
- Questioned the scope of employers not to pay the contribution rate because it was too high. Officers explained that it would be the responsibility of the employer to demonstrate that the contribution rate was too high. What options were available to employers depended on what type of employer they were.
- Confirmed that officers would identify appropriate training. Board members were encouraged to contact officers with regard to training that they had identified.
- Queried paragraph 2.2.2 of the report and confirmed that positive membership experience meant positive for the fund.

It was resolved to note the contents of the report.

#### **64. CAMBRIDGESHIRE LOCAL PENSION BOARD EFFECTIVENESS REVIEW**

The Board received the effectiveness review of the Cambridgeshire Local Pension Board. A survey had been issued to members of the Board in October 2016 seeking feedback on 15 statements that related to the effectiveness of the Board.

During the course of discussion Board members:

- Noted that the role of the Local Pension Board was to oversee the work of the Pension Committee ensuring that they were operating effectively.
- Noted the role of the Local Pension Board in supporting the Pension Committee by reviewing strategies prior to their presentation at the Pension Committee.
- Highlighted ethical investment and questioned the role of the Board in investment process. Officers explained that the strategy document regarding the statement of investment principles was currently being refreshed following a change to the regulations and be presented to the Pensions Investments Sub-Committee and Pensions Committee.
- Noted that all consultation of scheme members with regard to the investment strategy took place through a number of different routes including through the pension website. Officers explained the approach of responsible investment that did not necessarily disengage from companies but encouraged them to move into different areas of business. There was also a responsibility to scheme members to invest in a responsible manner to their benefit. Work was continuing with the Church of England and the Environment Agency regarding responsible investment and there was a training event taking place in Bournemouth that Board members were encouraged to attend.

It was resolved to note the feedback and approve the plan of action to improve the effectiveness in the areas identified.

#### **65. CIPFA PENSIONS ADMINISTRATION BENCHMARKING CLUB REPORT 2016.**

The Board received the Chartered Institute of Public Finance and Accountancy (CIPFA) Benchmarking Club Report in respect of the year ending 31 March 2016. The Benchmarking Club covered 43 of the 90 pension funds and was a voluntary assessment. Therefore the results were somewhat limited and it was likely that the net cost per member was slightly higher than average in Cambridgeshire because the most expensive funds had not taken part in the benchmarking exercise.

During discussion the Board:

- Confirmed that the table set out in paragraph 2.7 of the report should state Cambridgeshire not Northamptonshire.

- Noted that the assessment did not constitute a league table of pension funds because there was a large variance in how the data was collected and recorded. If other schemes were materially more efficient then officers would approach them to identify any aspects that the Cambridgeshire fund could benefit from. The benefit of the benchmarking exercise was to meet other funds and promote consistency in data collection and the sharing of accountancy knowledge.
- Noted the analysis of the costs of the scheme administration. Officers informed the Board that following previous results the Altair system had been implemented in order to improve performance.

It was resolved to note the content of the report.

#### **66. THE PENSION REGULATOR'S PUBLIC SERVICE PENSION SCHEME COMPLIANCE ASSESSMENT TOOL**

The Pension Regulator's Public Service Pension Scheme Compliance Assessment Tool was presented to the Board. This demonstrated how the Cambridgeshire Fund was complying with the Pension Regulator's Code of Practice.

Officers highlighted paragraph 2.2 of the report explaining that in many areas compliance was achieved however the supporting documentary evidence was not available. It was anticipated that full compliance would be achieved by the end of the year.

It was resolved to note the content of the report

#### **67. CAMBRIDGESHIRE PENSION FUND TRAINING STRATEGY 2016**

The Board was presented the 2016 Training Strategy. Officers highlighted the training credits concept and the mix of training from e-learning to training days that recognised commitments that people had.

During discussion:

- It was confirmed that all training completed prior to the introduction of the training policy counted toward the credit scheme.
- Board members clarified that training provided through Unison would also count toward credits if it was relevant.
- It was explained that it would be a rolling programme and Board members would be contacted regarding their current training position. **ACTION**

MO

It was resolved to approve the attached Cambridgeshire Pension Fund Training Strategy.

#### **68. CAMBRIDGESHIRE PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2015/16**

Board members were presented the Cambridgeshire Pension Fund Annual Report and Statement of Accounts 2015/16. Officers informed the Board that there had been issues with the auditors, BDO primarily due to it having been their first audit. Officers highlighted the findings and feedback from the External Audit Fieldwork contained in section 3 of the report in particular, paragraph 3.3 where previous auditors Price Waterhouse Coopers (PWC) and KPMG had not highlighted it as an issue.

Board members drew attention to paragraph 2.6 of the report, highlighting the year on year negative swing in the Fund Account. Officers informed the Board that there had been a further swing back to the value of £264m as at September 2016. The fund had also made £199m on currency movement since Britain voted to leave the European Union.

It was resolved to note the report

**69.**

#### **INVESTMENT UPDATE**

Board members received a presentation on current investments, which is attached at appendix A to these minutes. The presentation was moved up the agenda with the unanimous agreement of the Board. The Chairman left the meeting at 12:10pm and the Vice-Chairman presided over the meeting in his absence.

During discussion Board members:

- Highlighted the remuneration packages of Fund Managers who are rewarded regardless of whether targets were met or not. Officers explained that Fund Managers there was a broad range of remuneration packages that depended on the type of Fund Manager. If there was a need for a Fund Manager to be steady and not take undue risk then it would not be reasonable to reward the Fund Manager based on risk as it may incentivise him to take undue risks and vice-versa.
- Noted that a fund manager could be changed if their long-term performance had deteriorated significantly, if there had been significant structural change to the company or if they changed to a different style of fund management.
- Requested that the presentation be forwarded to Board members format.
- Requested that the latest version of the inter authority agreement regarding the Joint Committee for the Asset Pool be circulated to Board members.

**DS**

#### **ACTION**

**JW/MW**

It was resolved to note the update.

#### **70. LGSS PENSION SERVICE ADMINISTRATION PERFORMANCE REPORT**

At the discretion of the Vice-Chairman and with the agreement of the Board The LGSS Pension Service Administration Performance Report was deferred to the April meeting of the Board.

It was resolved to defer the report until the April meeting of the Board.

**71. AGENDA PLAN**

Board members received the agenda plan

Members requested dates of the Pension Fund Committee and Investments Sub-Committee. **ACTION** **DS**

Chairman