

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 13th December 2018

Time: 2.00 -3.00 pm

Place: Room 128, Shire Hall, Cambridge

Committee Members

present: County Councillors: R Hickford(Vice-Chairman), T Rogers (Chairman), J Schumann and M Shellens;
All Other Local Authorities, Police and Fire: Councillor R Robertson,
Member Representative: J Walker

Officers: C Blose, S Heywood, M Oakensen, R Sanderson, P Tysoe and J Walton

Advisor: None

Observer: None

Apologies: Councillor A Hay and L Phanco and M Pink

99. DECLARATIONS OF INTEREST

John Walker declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his daughter-in-law was a current member of the LGPS and (ii) his son was a deferred Member of the LGPS.

Councillor R Robertson declared a personal interest as his wife was in receipt of a small pension.

Councillor J Schumann declared a personal, non-prejudicial interest in item 11 Employers Admissions and Cessations Report as a Trust Director for Staploe Education Trust.

100. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE MEETING HELD ON 18th OCTOBER 2018

The minutes of the Pension Fund Committee meeting held on 18th October 2018 were approved as a correct record and were signed by the Chairman.

The Committee noted the Action Log.

101. PENSION FUND ANNUAL BUSINESS PLAN UPDATE 2018-19

This report presented an update of the Pension Fund Business Plan.

Issues raised in debate included:

- Page 23 Mortality Screening and Member Tracing Service Procurement – One member highlighted that there was not much time to decide on the preferred procurement method as the target for completion was 31st December. Of the two approaches, the verbal update was the preference being for a mini-competition.
- **Page 28 Paragraph 2.4.2 Ops2 - Establish a non-interest bearing ESCROW account for 'out of scheme' payments** – The action by the administering authority to hold specific pension scheme benefits in such an account had been completed. One Member highlighted that this was an area where fraud could occur.
- Another Member following on from the above, asked what happened if people never claimed the money owing to them? **There was a request for a more detailed explanation to this question to be provided to the whole Committee outside of the meeting. Action: Paul Tysoe**
- Page 29 2.5.1 -IA3 Local Direct Investment – second paragraph third line of the update - a Member sought greater explanation of the statement in the third line reading "...it was determined that a more streamlined approach could be used to procure a fund manager to meet the Fund's needs." In reply it was clarified that in certain areas of recruitment a professional advisor was normally sought, but in this case as it was a direct investment in Local Economic Development Funds, standard advice from Mercers was not available as they did not hold Fund manager information at this level. The specification requirements for the Fund Manager were submitted to the Investment Sub Committee (ISC). Subsequently, two fund managers were invited to present proposals to the ICS. While one manager had offered a suitable solution, for further comparison purposes the ISC requested officers invite additional providers to a subsequent ISC meeting. Officers were currently liaising with additional providers with the intention of making presentations to the ISC in February 2019.
- Page 29 - **2.5.2 - IA4 – Responsible investment Action** – explanation requested on the paragraph reading: "Implement full actions arising from Responsible Investment Information Day; to include signing up to UK Stewardship Code, increasing the Fund oversight of ESG integration into investment manager decisions, and monitoring and reporting of investment manager voting" . This was in respect of a series of information days held three times a year for both Northamptonshire and Cambridgeshire Pension Committee members. A further engagement day was due to be held in February to discuss 'Responsible Investment and in particular fund manager engagement and voting in line with the Stewardship Code.. **Councillor Robertson requested that he should be sent a copy of the UK Stewardship code. Action: Paul Tysoe**
- **Page 29-30 Strategic Asset Allocation Review** – there was a request for an update on the workshop agreed for January. No date had yet been finalised, but officers would contact Members with a suggested date shortly. **Action: Paul Tysoe**

Having commented, it was resolved unanimously:

To Note the Pension Fund Business Plan update for the third meeting of the 2018-19 financial year.

102. ADMINISTRATION PERFORMANCE REPORT

This report set out a number of the key areas of administration performance for consideration by the Committee to help ensure effective and efficient governance and administration of the Pension Fund.

In respect of the confidential appendix and one employer identified with a very large late payment, officers clarified that the case had been investigated further with assurance provided that it had been an oversight and that it would not happen again.

In discussion:

- Page 42 - table receipt of employer and Employee contributions - explanation was requested for the big drop for employers paid on time for the April / May months. **Officer to find out and write to the Committee. Action M Oakenson.**
- One Member challenged why appendix 2 was classed as confidential as in his view naming and shaming those employers providing late payments to the Fund should be included as part of the public record. The reason currently given for the exclusion was that it revealed business information about particular employers. There was a request that LGSS Law should be asked to take a view. **Action: M Oakenson to contact LGSS Law to seek a legal view on the rationale for the information in the appendix being confidential and not open to the public, including their opinion of whether it would be reputationally damaging or commercially sensitive should their names be disclosed as part of the public report.**

The report was noted.

103. GOVERNANCE AND COMPLIANCE REPORT

In introducing the report officers highlighted the section on the mandatory Annual Scheme Return showing that Cambridgeshire Pension Fund's common data score was 82.21% and the scheme specific data score was 73.13%.

As highlighted in discussion at the previous meeting, other LGPS Funds and other types of pension schemes calculated their scores differently. As a result in the first year of data scoring it would not be unreasonable to see a wide variety of scores until such time as very specific and detailed guidance was provided. It was not known currently how the Pensions Regulator would use the data scores, with the results not expected to be published until the New Year. Concerns were raised if any conclusions were to be drawn from data that was not like for like, or was not from the same snapshot period of the year. **Action: Follow up by the officers to contact the Pension Regulator to convey these concerns: Jo Walton**

It was resolved unanimously to note:

- 1) Information on potential, new or amending legislation affecting the LGPS;
- 2) Information on other pensions legislation;
- 3) Activities of the LGPS Scheme Advisory Board and the Pensions Regulator;
- 4) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and
- 5) Skills and knowledge opportunities.

104. CAMBRIDGESHIRE PENSION FUND TRAINING STRATEGY 2018

The current Training Strategy had been in place for 12 months. This report provided details of a review undertaken to ensure the Training Strategy was still fit for purpose. Section 2 and Appendix 1 of the report provided details of the main changes between the existing Strategy (included as Appendix 3 to the report) and the revised proposed Strategy set out in Appendix 2 of the Officers' report. The proposals also included a change recommended by the Pension Fund Board as detailed in paragraph 3.1.

It was highlighted that:

- Based on the experience gained, some training requirements were now proposed to be compulsory in terms of the knowledge deemed to be required for Committee members to undertake their duties effectively. These were included in paragraph 15.5 of the new Strategy.
- One change proposed as an oral update was that attendance at an approved conference would accrue a maximum of four credits.
- There was a request to alternate the venues for joint training days and not only have them at Wyboston Lakes training centre. It was suggested that for some people in Cambridgeshire, Grafham Water a venue had been used in the past, would be more convenient. It was explained that Wyboston had been used as it was a central location for both Cambridgeshire and Northamptonshire and that alternating venues would mean members travelling to either Grafham Water or Knuston Hall. Wyboston Lakes had been used as it was more central for all parties. **Officers were however happy to take on board the suggested steer and look to alternating the venues. Action: P Tysoe**

It was unanimously resolved:

To approve the Revised Cambridgeshire Pension Fund Training Strategy set out in Appendix 2 of the report.

105. DATA IMPROVEMENT PLAN PROGRESS REPORT

This report detailed progress made against the Pension Fund Data Improvement Plan with a summary of the full list of data activity improvements included in Appendix 1 to the report and the activities in progress set out in section 2 of the report.

The report was noted.

107. ADMINISTERING AUTHORITY DISCRETIONS POLICY

In October 2012 the Cambridgeshire Pension Fund Board (as the Committee was originally known) agreed a set of policies in relation to the exercise of the discretions that could be exercised by the administering authority. The policies were reviewed and updated in June 2014 following the introduction of the revised Local Government Pension Scheme on 1 April 2014.

The introduction of The Local Government Pension Scheme (Amendment) Regulations 2018 (S.I. 2018 No. 493), has brought in a number of changes in relation to discretions and it was therefore appropriate to review and update the existing discretions and the Regulation references to ensure they remained appropriate. Appendix 1 to the report provided a comprehensive list of all administering authority discretions that the Fund was able to exercise, together with the relevant regulation references and the proposed Policy.

It was highlighted that the proposed Policy only dealt with the discretions required to be exercised by Cambridgeshire County Council in its role as an administering authority. Policy decisions would apply to all employers and scheme members in the Cambridgeshire Pension Fund. On the whole, administering authority discretions carried little risk as they related to day to day operational matters. Having a set of formally approved policies provided good governance and assisted LGSS Pensions to administer the Fund consistently.

The proposed changes were highlighted in grey shading in Appendix 1 to the report. The Chairman took each revised section page by page inviting any comments.

On page 116 Payments relating to death - the reference to councillor members was clarified as being in respect of deferred councillor members.

Having considered the proposed changes,

It was resolved unanimously:

To approve the updated Administering Authority Discretions Policy.

108. UPDATE ON THE VALUATION OF THE FUND

This report provided an update on key activities related to the valuation of the Fund.

It was highlighted that:

- On the analysis of key assumptions on the Actuary, a report would be coming back to Committee in March for decision.
- Paragraph 4.4 set out the activities currently at the planning stage to come back to the March Committee meeting.

Officers were reminded of the need to avoid using technical or other acronyms in reports without first spelling them out first e.g. in Paragraph 4.4 the acronym 'HEAT' without spelling out that it stood for which in this case was 'Hymans Robertson Employer Assets Tracker'.

The report was noted.

109. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

This report provided details of:

- the admission of seventeen admitted bodies to the Cambridgeshire Pension Fund under fifty-two separate admission agreements, forty three of which related to the winding up of Cambridgeshire County Council Catering Services and the resulting admission of 13 new bodies.
- the admission of one scheduled body to the Cambridgeshire Pension Fund.
- The winding up of Drinksense and their cessation from the Pension Fund.

In discussion:

- With regard to the deficit identified for Drinksense following their winding up and payment of debts, the final identified deficit was stated to be £114,800 less £27,890 of cash they still had available. (A Member highlighted that the deficit figure was in fact nearer £117,000 due to an arithmetical error in the figures shown) The deficit to the Fund arose due to the type of admission as back in 1982 when they formed there was no guarantor required under the regulations in force at that time. As a result, the unpaid deficit, in the region of £89,910, was required to be spread amongst all employers in the Fund.
- As the above was not the first such instance of the Fund having to subsidise a deficit due to there not being a guarantor and having requested details previously, the Vice Chairman asked that **officers provide a list of admitted bodies that had no guarantor and also provide a note that sets out the legal position regarding any culpability on Charity trustees to the deficit of a charity they were trustees too. Action: C Blose**

It was resolved unanimously to note:

1. the admission of the following admitted bodies to the Cambridgeshire Pension Fund:

- Aramark
- Freedom Leisure
- P3 – People, Potential and Possibilities
- YMCA

The following 13 new admitted bodies relate to the closure of Cambridgeshire County Council Cleaning and Catering Service (CCS):

- ABM Catering Ltd
- Aspens Services Ltd
- Caterlink Ltd
- Easy Clean Ltd
- Edwards & Blake Ltd
- Nourish
- Pabulum
- VHS Cleaning Services Ltd
- Alliance in Partnership
- Clean Tec Services
- Ecocleen
- Nightingale Cleaning Ltd
- Taylor Shaw Ltd

2. the admission of the following scheduled body to the Cambridgeshire Pension Fund:

- Orbis Primary Trust

3. The winding up of Drinksense and their ability to only partially fund their exit payment.

110. 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 that 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.

111. ACCESS ASSET POOLING UPDATE

This report updated the Committee on the progress of the Access asset pooling project.

It was resolved:

To Note the Asset Pooling Update.

112. DATE OF NEXT MEETING 28th MARCH 2019

Chairman
29th March 2019