

Public minutes of the Pension Fund Committee

Date: 30th March 2023

Time: 10:00am – 1.05pm

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors M Atkins (substituting for Cllr Dew), A Costello, C Rae (Vice-Chair), A Sharp, A Whelan (Chair); Fenland District Councillor C Boden; Peterborough City Councillor A Coles; Lee Phanco

Officers: B Barlow, C Blose, D Cave, S Grimshaw, M Oakensen and M Whitby; D Green (Hymans); C West and P Gent (Mercer); S Gervaise Jones (Independent Advisor)

103. Apologies for absence and declarations of Interest

Apologies were presented on behalf of Cllr Dew (Cllr Atkins substituting).

Lee Phanco declared an interest as Chair of the Board of Trustees and Directors of the Kelsey Kerridge Sports Centre, which is one of the Fund's Admitted employers.

104. Public minutes of the Pension Fund Committee meeting held 14 December 2022

The public minutes of the Pension Fund Committee meeting held on 14th December 2022 were approved as a correct record.

With regard to the Action Log, officers advised that they had received some but not all of the required information, and this would be circulated to the Committee in due course.

The Action Log was noted.

105. Petitions and Public Questions

There were no petitions or public questions.

106. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance in the period 1 November 2022 to 31 January 2023.

Arising from the report, Members noted:

- over the three month period, service performance has been consistently good with all targets achieved, except for the three 'Ambers' set out in appendix 1;
- a number of changes were proposed to the KPIs, which were set out in Appendix 4. Some changes were for consistency, others were aimed at improving the customer experience, from first point of contact until the benefit was paid;
- a non-material breach of the law, relating to a batch of 301 notification of pension entitlement letters, which were not issued within the statutory deadline. The letters had all been sent out in early February;
- in terms of an update to the challenge to the Employer's decision to award Ill Health retirement benefits, the determination had been received on 6th March, and had not been upheld;
- the case regarding a delay in AVCs in paying an additional lump sum from an AVC fund, resulting in a lower AVC value, had been upheld, and the settlement had been issued on 26th March;
- the overseas transfers case was complex, this had been extended to the end of March.

With regard to the employer referred to in the confidential appendix, contributions had not been received, and the Fund had subsequently been advised that the employer had become insolvent. There was no deficit as this employer had a "pass through" arrangement, but the Fund had been in touch with the liquidator, in an attempt to secure current outstanding contributions. In response to a Member question, it was confirmed that with a pass through agreement, there was ultimately a guarantor to the liabilities, but in the first instance attempts would be made to secure the contributions from the insolvent company.

It was unanimously resolved to:

- 1) approve the proposed development of Key Performance Indicators during 2023/2024 (see section 2.3);
- 2) note the Administration Performance Report.

107. Governance and Compliance Report

Members 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.

Members noted:

- the government had recently announced its intention to legislate to move the staging timescales, to enable more time for technical work to be undertaken. This project reset would effect all scheme deadlines, and new timescales were anticipated, although it was expected to be around another twelve months;
- in relation to the new transfer requests guidance, the link to book a Moneyhelper safeguarding appointment had now been incorporated into processes;
- The regulations to enable the revaluation to CARE benefits were due to come into force on 31 March 2023. With regard to the administration system being able to apply the changes, there would be a two phased system, with Stage 1 applied retrospectively for cases in 2022/23, whilst Stage 2 which would look to the future, including considerations coming out of the recent Budget, such as the annual allowance increase;
- a change to the core training delivery was proposed and that element of the Training Strategy would be updated accordingly. A demonstration of the new online platform to assist with this approach had taken place on 6th March.

It was resolved unanimously:

- 1) note the Governance and Compliance Report;
- 2) approve the Training Strategy amendment to reflect the current core mandatory training approach (see section 3.7).

108. Pension Fund Annual Business Plan and Medium-Term Strategy report 2023-24 to 2025-26

The Committee considered an update to the Business Plan.

There was an overview of Business Plan activities for 2022/23, where there were just two 'Red' activities. One related to extending the completion deadline for the Guaranteed Minimum Pension Rectification project, whilst the other related to unprocessed leavers, where there had been a request for additional resources. Both activities would be included in the 2023/24 Business Plan.

The new Business Plan had largely the same format as the previous version, although the Fund accounts had now been updated so that they aligned with the Annual reporting accounts, by adding in non-invoiced investment management charges. There was also reference to a Climate Action Plan, based on the document previously approved by the Committee.

The report included a proposal to streamline the information that comes to Committee by introducing a three-year review cycle for policies and strategies, which would have the benefit of reducing the number of documents routinely considered by the Committee. Any immaterial changes would be delegated to officers to progress, in consultation with the Chair and Vice Chair.

The procurements in the Business Plan activities would be further competition exercises using the LGPS National Frameworks, where suppliers had already been assessed as being able to perform the services through a panel of pension funds. In terms of a Cambridgeshire contract, those procurements would require S151 officer approval, and also Monitoring Officer approval for the sealing of high value contracts.

Arising from the report:

- whilst welcoming the intention to reduce the Committee's workload, a Member commented that he appreciated the detail provided in Committee reports, and he had concerns that "immaterial" changes would only be seen by the Chair and Vice Chair, especially as "immaterial" in the context of the Pension Fund could involve very high numbers. Officers reassured Members that any such immaterial changes would be picked up through the Governance and Compliance report, where the Committee would have the opportunity to challenge and seek further information. Officers would review policies annually, and some policies would still be reviewed by the Committee annually. The Chair also reassured Members that if she felt there was any items that would be of interest to the wider Committee, she would bring them to the Committee's attention;
- a Member noted the objective "*To deliver consistent plain English communications to stakeholders*" and suggested that this colloquialism would be amended to reflect the intention i.e. jargon free, consistent and easy to understand language.

The Committee resolved unanimously to:

- 1) note the status of the 2022/23 business plan activities and current financial position (see section 2);
- 2) approve the contents of the Business Plan and Strategy 2023/24 (see section 3);
- 3) a) approve a change in the Committee review cycle for Fund Strategies and Policies to a standardised 3-year review cycle (or as and when required should Regulations or other factors necessitate an earlier review of the Fund Strategy or Policy) (see section 4);

b) delegate to the Head of Pensions the approval of non-material amendments to Fund Strategies and Policies between triennial reviews (see section 4);
- 4) approve the delegation for the Head of Pensions to progress the procurements within the Business Plan and award contracts to the successful suppliers (see section 5).

109. Overpayment of Pension Entitlement Policy

The Committee considered the revised Overpayment of Pension Policy.

The revised policy provided additional clarity on the process in place for recovering lump sum overpayments. It was stressed that these were relatively infrequent, but may occur e.g. in cases where the Employer may have reversed their decision, or provided incorrect information. It was stressed that any write offs would be considered on a case by case basis. Following review by the Local Pension Fund Board, the limitation period example dates had been updated.

A Member asked why £250 had been selected as the de minimis threshold for seeking to recover overpayments. It was noted that this threshold was in the policy previous, following research undertaken at that time into best practice. Following discussion, it was agreed that a report would be brought back to Committee on this issue to a future meeting.

Action required.

The Committee resolved unanimously to approve the Overpayment of Pension Entitlement Policy.

110. Communications Strategy

Members considered an updated Communications Strategy. This included a communications plan for 2023-24, detailing the communications activities to be undertaken within the scheme year, and recommendations that had emerged as a result of the user-led review of the Fund's website.

The number of scheme members had increased from around 78,000 to around 92,000. This increase was mainly due to those scheme members classed as 'undecided leavers' now being included in the deferred member category, to be consistent with the annual report and accounts, whereas in the previous strategy those members were omitted. A new section on lifestyle communications had been included, to make communications more engaging e.g. linking in to exciting lifestyle events such as marriage or promotion. A new section on performance indicators was included, the key information being monitored being the proportion of members that have registered for their online pension account, and the proportion of members that have opted out of electronic communications.

The Communications Plan set out some of the key projects such as McCloud and the Pensions Dashboard activities, Pension Awareness Week, etc.

Over 1700 members and employers were surveyed to find out what they most wanted to know about pensions. Based on this, the content of the website was being restructured, with the prototype being tested on employers, members, and staff.

A Member advised that he was often contacted by scheme members with queries, and it would be helpful to direct them to a single point of contact. Officers advised that there was contact information on the homepage, but they would review this when testing the new webpages.

There was a discussion around communicating pension issues, which many recipients may find too daunting or not interesting, especially if there were numerous messages. It was noted that unless scheme members approached the service, there was only one communication annually. It was acknowledged that many members may not be very engaged, and the Fund had to strike a balance in terms of meeting its statutory obligations and communicating appropriately.

It was agreed that when the McCloud outcome was communicated to scheme members, Committee Members would be copied in, so they were aware of what had been sent to scheme members and could respond to any queries accordingly. **Action required.**

The Committee resolved unanimously to:

- 1) approve the Communication Strategy (see section 3.1)
- 2) approve the Communication Plan (see section 3.2)
- 3) note the work being undertaken on the website development review (see section 3.3)

111. Employer Admissions and Cessations report

The Committee received a report on the admission of one community admission body and two transferee admission bodies, and the cessation of eight bodies.

Members noted the update on the collection of exit payments and assessment of exit credits for previously reported cessations.

It was resolved unanimously to:

1. approve the admission of the following Community Admission Body and to approve the sealing of the admission agreement.

- Cambridge BID

2. note the admission of the following transferee admission bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:

- Aspens Services Limited x 4
- Hertfordshire Catering Limited

3. note the cessation of the following bodies from the Cambridgeshire Pension Fund:

- ABM Catering Limited
- Aspens Services Limited x 2
- Busy Bee Cleaning Services
- Compass Services Limited
- Conservators of the River Cam
- Elior UK Limited
- Lunchtime Company Limited
- The Edmund Trust

112. Cambridgeshire Pension Committee Forward Agenda Plan

The Committee considered the forward Agenda Plan. It was noted that a refreshed agenda plan would be presented to the next meeting, incorporating the activities arising from the Business Plan review cycle.

Members noted that:

- the long awaited Code of Practice action plan was now expected in April;
- the Good Governance review was now likely to be rescheduled to a later date.

It was resolved to note the Committee Agenda Plan.

113. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the following items 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 or business affairs of any particular person (including the authority holding that information).

114. Confidential minutes of the Pension Fund Committee meetings held 25 October and 14 December 2022

It was resolved to approve the confidential minutes of the Pension Fund Committee meetings held 25 October and 14 December 2022.

115. Managed Exits

Members considered a report proposing debt spreading arrangements for two employers.

Subject to the points being raised in discussion being explored by officers, it was resolved unanimously to approve the report recommendations.

116. Cambridgeshire Pension Fund - Valuation Update

Members considered a report summarising progress with the triennial valuation project. The report also included the Funding Strategy Statement, which had been developed following consultation with Scheme employers.

It was resolved unanimously to:

1. note the valuation update and final valuation report;
2. approve the draft Funding Strategy Statement following consultation with Scheme employers.

117. Investment Strategy Review

The Committee considered a revised Strategic Asset Allocation proposed by the Fund's investment advisors, Mercer.

It was resolved unanimously to agree the report recommendations.

118. ACCESS Update

The Committee considered a report on ACCESS Asset Pooling.

It was resolved to agree the report recommendations.