

MINUTES OF THE PENSION FUND COMMITTEE

Date: Thursday 29th March 2018

Time: 11:00-12.50

Place: Kreis Viersen Room, Shire Hall, Cambridge

Committee Members

present: County Councillors P Downes, A Hay, R Hickford (Vice-Chairman), T Rogers (Chairman), J Schumann and M Shellens; District Councillor Andrew Fraser; T Roden and J Walker

Officers: C Blose, D Cave, S Heywood, M Oakensen, P Tysoe, J Walton and M Whitby

Apologies: Councillor D Seaton

54. 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 (iii) his son was a deferred Member of the LGPS.

Tracy Roden declared a personal interest as both an active and deferred member of the Local Government Pension Scheme (LGPS).

55. MINUTES AND ACTION LOG OF THE PENSION FUND COMMITTEE MEETING HELD ON 7th DECEMBER 2017

The minutes of the Pension Fund Committee meeting held on 7th December 2017 were approved as a correct record and were signed by the Chairman.

It was noted that the new Member website had not been launched in January 2018, but Cory would be giving a demonstration of the website later in the meeting.

John Walker advised that Matthew Pink had sent apologies through him for the December meeting.

The following items were noted under the Action Log:

Item no. 45: Late paying employer – it was noted that the situation with this employer now appeared to be resolved, and Cory outlined the actions that had taken place since the last meeting, including the involvement of the Pensions Regulator.

Item no. 46 – Business Plan Update – The position with the other major late paying employer, discussed in the confidential session at the last meeting, had also been satisfactorily resolved, and this action should be marked up as Completed.

The Committee noted the Action Log.

With the agreement of the Committee, it was agreed to take items 4 and 8 (Pension Fund Annual Business Plan Update report 2017-18 and Pension Fund Annual Business Plan and Medium Term Strategy 2018-19 to 2020-21 respectively) later in the agenda, in confidential session, as both reports had confidential appendices.

56. INTERNAL AUDIT REPORT 2017-18

Members considered a report from the Audit and Risk Manager on the findings of Internal Audit work during 2017-18. During this period, Internal Audit work had focused on the annual audit of the administration of the Cambridgeshire Pension Fund. Members were pleased to note that the audit assessed the adequacy of design and implementation of controls for the administration of the Pension Fund, and gave substantial assurance for both the control environment in place, and for compliance.

Members noted the detailed findings against the following Control Objectives:

- New members are set up accurately (including transfer in) and on a timely basis;
- The correct contributions are received from employer organisations on a timely basis;
- Appropriate action is taken upon notification that a members has left the scheme, including transfers out;
- Pension payments are made in accordance with LGPS regulations, and in line with relevant administering authority and employing authority discretions;
- Pension payments are paid at the correct amount with the correct rate of annual increase;
- Reconciliations are completed for key financial areas.

A Member queried why the 2016/17 year-end reconciliation for Employer and Employee Contributions Reconciliations had not been completed. Officers advised that whilst the majority of the work had been completed there had been a couple of employer issues outstanding at the time of the audit. The target date of 31/08/18 given in the Management Action Plan was for both the 2016/17 and 2017/18 reconciliations.

It was resolved unanimously to note the findings of the Internal Audit work during 2017-18.

57. EMPLOYER ADMISSIONS AND CESSATIONS REPORT

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

Noting that the late payments policy was listed as the mitigation against the risk of employers not paying pension contributions, a Member asked if this was effective. Officers pointed out that it had worked well against the two employers discussed earlier the meeting.

It was resolved unanimously to:

1. Note the admission of the following admission bodies to the Cambridgeshire Pension Fund:
 - VHS Cleaning Services Ltd
 - Easy Clean Contractors Ltd (Hemingford Grey)
 - ABM Catering Ltd (Abbots Ripton Primary School)
2. Note the admission of the following Multi Academy Trusts to the Cambridgeshire Pension Fund:
 - Soke Education Trust
 - Aces Multi Academy Trust

58. GOVERNANCE AND LEGISLATION 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.

With regard to the High Court judgement in the case of Elmes vs Essex, officers were awaiting sight of the transcript of the judgement, so that they could better understand the rationale behind the decision. It was expected that MHCLG (Ministry of Housing, Communities and Local Government) would then provide advice, although this was unlikely to address the issue of children's pensions in such cases. It was confirmed that there were no children involved in the similar case in Cambridgeshire. It was agreed that the implications for Cambridgeshire, especially in terms of scale and money, should be reported upon at a future meeting.

A Member advised that he had attended both Parts 1 and 2 of the Schroders Trustee training, and felt that these were aimed more at private/closed pensions schemes, with some of the content not relevant for LGPS members. Officers agreed to take this up with Schroders, and if it was concluded that the course content was not suitable, a viable alternative would be found.

In response to a Member question, it was confirmed that GDPR (General Data Protection Regulations) were having a massive impact on the work of the Pensions team. In terms of governance, this was mainly being overseen by the Local Pension Board. Guidance was awaited from the respective County Councils, as they will be the Data Controllers, but a lot of work had already been done by the team. Scheme members do not have to give their consent, as the team was performing a statutory function. Wider processes were also being reviewed and Committee Members were given assurances that all matters were being carefully dealt with.

It was resolved unanimously to note the report.

59. PAYMENT OF EMPLOYEE AND EMPLOYER PENSION CONTRIBUTION POLICY REVIEW

The Committee considered a report on the updated Payment of Employee and Employer Pension Contribution Policy. The policy had originally been approved by the Committee in December 2015. Following its introduction a further review in the intervening period was undertaken and presented to the Committee. However, due to outstanding issues with late payments it was agreed that before the amended policy was adopted, these issues should be resolved first.

The action for late payments set out in the policy was that all late payments would be reported to both the Pension Fund Committee and Local Pension Board quarterly. There was also a set of suggested actions if a satisfactory resolution had not been reached, including imposing a statutory debt, involving the authority's Section 151 Officer, or involving the Schools Commissioners Group. The action taken would depend on individual circumstances, and be commensurate with the scale of the debt. It was also confirmed that 'late payment' became a 'non-payment' after three months. With regard to what actions would be taken by Section 151 officers, it was confirmed that this would be for pensioners officers in the circumstances to advise the Section 151 Officer accordingly.

A Member highlighted the issue of a number of Academies failing, and the issue of "orphan academies" dropped by their parent Trust.

It was noted that the Fund could charge late paying employers for administration costs, and this had been done in the two recent cases that had been brought to the Committee's attention.

It was resolved unanimously to:

- 1) Approve the amendments made to the policy;
- 2) Confirm that future immaterial amendments to the policy can be approved through delegated authority to the Head of Pensions;
- 3) Confirm that material amendments to the policy can be made via the Chairman of the Pension Fund Committee on behalf of the Committee.

60. INVESTMENT STRATEGY STATEMENT

The Committee considered changes to the Investment Strategy Statement, which sets out a high level, dynamic asset allocation structure, supporting the long term focus of investment and mitigating the risk of reacting to short term market behaviours.

Members were reminded that the Strategy had originally been approved at the March 2017 Committee meeting. Since then, aspects of the Strategy had been discussed in detail at the Investment Information Days. At the Investment Sub-Committee that morning, Sub-Committee Members had started on the asset allocation review process.

In response to a Member question, it was confirmed that part of the passive allocation had moved from UK to Global equities. This had been discussed in detail at the Investment Information Days, which all Pension Fund Committee and Local Pension Board Members were invited to attend, in addition to approval by the Investment sub Committee. Furthermore, the ISC had noted that 'Global' included a 9% exposure to the UK market, in addition to the UK allocation. Any further changes from the Sub-Committee's Asset Allocation review would be reported back in due course, and this should be complete no later than March 2019. It was confirmed that any changes to asset allocation– including, if appropriate, areas where there were *no* changes – would be reported back to the Pension Fund Committee.

It was resolved unanimously to:

1. note the contents of the report;

2. approve the revised Investment Strategy Statement for publication on the Fund's website.

61. LGSS PENSIONS SERVICE WEBSITE DEMONSTRATION

Members viewed a demonstration of the new website. It was confirmed that this was not online yet. It had partly been updated to ensure that it was easy to use from mobile platforms, as around 90% of online users now access the website through mobile devices.

The site was split into two sections, one for Scheme Members, and one for Employers. It was structured in a much more visual way. Information about team members was included, and topical information could be added in. Information was also included about the Pension Fund Committee, including meeting documents.

The Scheme Members' hub pages looked different to the Employers' pages. The Members' site was hosted by Heywoods, but users do not have to knowingly navigate to a different website for the self-service elements. Despite some functionality issues that needed to be ironed out, Heywoods were impressed with the website, and were promoting it as an exemplar for the self-service platform. The website would be publicised through the newsletter, and it was suggested that it could also be publicised through the County Council's Communications team. **Action required.**

The site could be viewed at the following link: <http://35.177.137.218/>

It was resolved to note the presentation

62. 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 items of business on the grounds that they contain 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.

63. PENSION FUND ANNUAL BUSINESS PLAN UPDATE REPORT

The Committee considered the fourth Pension Fund Business Plan Update for the 2017-18 financial year.

It was resolved unanimously to note the Pension Fund Business Plan Update for the period November to January of the 2017-18 financial year.

64. PENSION FUND ANNUAL BUSINESS PLAN AND MEDIUM-TERM STRATEGY 2018-19 TO 2020-21

The Committee considered a report on the Fund's objectives for 2018-19, which included a plan of action on how key priorities would be achieved.

It was resolved unanimously to approve the Business Plan and Medium-Term Strategy.

(Councillors Schumann and Hay, and Tracy Roden left the meeting)

65. ACCESS POOLING UPDATE

Members received a verbal update on the ACCESS pool.

It was resolved unanimously to note the update.

Chairman