

## MINUTES OF THE CAMBRIDGESHIRE PENSION FUND BOARD

**Friday 27th October 2017**

**Agenda Item No: 2**

*Members of the Board in attendance:*

*Employer Representatives – Councillor S King; D Payne*

*Scheme Member Representatives - B O'Sullivan, D Brooks, and J Stokes*

*Officers in attendance:*

*M Oakensen – Governance Officer*

*M Rowe – Democratic Services Manager*

*J Walton – Governance and Regulations Manager*

*M Whitby – Head of Pensions*

*R Yule – Democratic Services Officer*

*Time: 10.00am to 12.10pm*

*Place: Shire Hall, Cambridge*

### **1. ELECTION OF CHAIRMAN**

It was resolved unanimously to elect Councillor Simon King as Chairman of the Board for the municipal year 2017-18.

### **2. ELECTION OF VICE-CHAIRMAN**

It was resolved unanimously to elect David Brooks as Vice-Chairman of the Board for the municipal year 2017-18.

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

Councillor King declared a Disclosable Pecuniary Interest under the Code of Conduct as a deferred member of the Local Government Pension Scheme.

### **4. MINUTES – 12th APRIL 2017**

The minutes of the meeting of 12th April 2017 were approved as a correct record and signed by the Chairman.

It was noted that the Pension Fund Board (PFB) Annual Report for 2016-17, circulated to Board members by email in July following the cancellation of the Board's July meeting, had now been published on the Pension Fund website.

Members requested that the draft Pensioner Matters newsletter be on the agenda for its next meeting, to give members the opportunity to suggest changes before it was sent to pensioners, but on learning that the meeting dates did not fit with the production schedule for the newsletter, agreed to receive and comment on the draft by email. They also asked that the contact telephone number on the pension pay slip be checked for accuracy.

**Action required**

The Board agreed that the forward agenda plan should in future be a standing item on its agenda.

**Action required**

## **5. REVIEW OF TERMS OF REFERENCE AND STANDING ORDERS**

The Board received a report inviting it to consider its Terms of Reference and Standing Orders as requested at the Board's meeting in April 2017. Members noted that, while any recommendation for substantial constitutional change needed to be addressed to the Constitution and Ethics Committee in the first instance and then approved by Full Council, the Monitoring Officer had delegated authority to make minor changes to the Constitution.

In discussion, Board members

- queried the rationale for a four-year term of appointment for PFB members, given the length of time required for a member to become fully conversant with the range of knowledge and understanding required, and pointed out that the terms of reference were silent on the question of whether a member could serve for more than one term.

Officers advised that there was nothing to prevent a Board member from standing again when their term of office expired, and expressed gratitude to any members willing to do so. It was noted that members of the Board were free to stand for an additional term of office

- asked that the Chairman and Vice-Chairman continue to be involved in the recruitment process for Board members. The Democratic Services Manager said that the Monitoring Officer had already agreed to their presence at recruitment interviews, and could be asked to make the necessary adjustment to Standing Orders **Action required**
- drew attention to the provision in Standing Orders that the Chairman/woman would agree the agenda for each meeting, commenting that some PFBs did this through an agenda planning meeting with chair, vice-chair and officers. The Chairman asked that the draft agenda be emailed to him for agreement ahead of each meeting **Action required**
- in relation to Standing Order 11 on expenses, requested the removal of the current requirement that an allowance for carrying a passenger could only be paid where the passenger was 'another councillor.' **Action required**

It was resolved unanimously to request the Monitoring Officer to exercise his delegated powers to make the following changes to the Pension Fund Board's standing orders, as set out in the Council's Constitution and in Appendix B of the report before the Board:

- a) in section 2, Chairmanship, to add that either or both the Chairman/woman and Vice-Chairman/woman, or a substitute Board member from the same side (i.e. employer or scheme member representative), would be present at interviews to recruit members of the Board
- b) in section 11, Expenses, to delete the bracket and words '(another councillor)'.

## 6. GOVERNANCE & LEGISLATION REPORT

The Board received a report providing information on changes in legislation affecting the Local Government Pension Scheme (LGPS), other pensions legislation, activities of the LGPS Advisory Board and Pensions Regulator, national and local issues concerning the governance of the LGPS, and skills and knowledge opportunities.

Commenting on the report, points raised and noted by members included

- **Cohabiting partner's pensions** – when payment of partner benefits for cohabiting partners had been introduced in 2008, there was a requirement for a nomination form to be completed by the scheme member. This requirement had been removed in 2014, leaving a question mark over the rights of a cohabitee whose partner died between 2008 and 2014 without having completed the nomination form. Following a successful appeal in the Northern Ireland LGPS, anybody who thought they were in this position was free to approach the Fund; they would be required to meet various criteria to demonstrate their status, but current advice was that it was not possible to do anything to pay partner benefits to them under present legislation. In theory it was open to the partner to appeal through the dispute resolution process, the Pensions Ombudsman, or judicial review.

Officers had obtained Counsel's opinion on the matter, and that opinion was that it was not possible to go against legislation that was still clearly in place; this situation would not change until statutory guidance was issued by the Department of Communities and Local Government (DCLG) or the law was altered.

The Chairman expressed the Board's disquiet at the unsatisfactory nature of this situation for both pension funds and their members. The Board agreed that it would be appropriate to write to the Government about this. The Head of Pensions undertook to draft a letter for the Chairman to approve and sign; the Chairman agreed and asked that the draft be emailed to all Board members. **Action required**

- **Exit payment reform** – the purpose of recovering exit payments when a retired employee was re-employed in public service was to stop individuals receiving a large sum and coming back to benefit again. Legislation was not yet in place, and it was not yet clear how the original employing authority would receive its money back.

Members expressed concern that the exit cap would affect a large number of employees and could prevent them from receiving their full entitlement. Officers said that the consultation on how the cap would work in practice was expected to start soon, and they undertook to report these concerns as part of the consultation response.

**Action required**

- **LGPS Scheme Advisory Board England and Wales (SABEW) Activities** – funds in the ACCESS pool would be expected to sign up to the Investment Transparency Code, and if possible, the smaller funds retained locally would also be covered by the Code. A member asked that the Board be kept informed on who had and who had not signed up to the Transparency Code.
- **Local Pension Board Liability Insurance** – members of the Board, including the County Councillors, were not covered by the County Council's insurance when acting as members of the PFB, a topic which had been recently discussed by the Pensions Committee. Officers considered this lack of insurance to be unsatisfactory, because there could be a liability on Board members if they were to breach the law in their PFB role, and were pursuing the matter with the Council's insurance department.

The Chairman said that all PFB members wanted to have some insurance in place, and asked how this could be progressed. Officers undertook to obtain three quotations and seek the approval of the Section 151 Officer for the expenditure, noting that members wished to have the process completed before the next meeting of the Board.

**Action required**

- **Training Events** – it could be difficult for recently-appointed Board members to judge which training events they could most usefully, and cost-effectively, attend. Attention was drawn to the four in-house information days, which concentrated on investments and investment governance, and to the training needs analysis already completed by some members. The responses to this analysis then formed the basis of recommendations to members on what events they should attend. The Governance and Regulations Manager undertook to re-circulate the training needs analysis, which would be available online shortly.

**Action required**

It was resolved to note the contents of the report.

## **7. LGSS PENSIONS SERVICE ADMINISTRATION PERFORMANCE REPORT**

The Board received the administration service report for consideration. Members noted that the Key Performance Indicators (KPIs) were in general good, though it was proving difficult to secure timely payments from several academies in one multi-academy trust. The matter had been considered by the Pensions Committee, and had been reported to the Pensions Regulator.

Discussing the problem of securing payment from academies, members noted that it was not possible to expel them from the scheme, and that the contact at the trust was the Chief Operating Officer. The trust's employees were still covered under the scheme, but there was some risk to employees if Additional Voluntary Contribution (AVC) payments were not being made.

The Board expressed unanimous support for imposing a higher contribution rate on the trust because of the level of risk involved in their membership of the scheme, should other attempts to secure payment fail. Members suggested that the Scheme Advisory Board be asked what actions were available to pension funds when dealing with late-paying employers who could not be ejected from the scheme because of their status.

In the course of discussing further aspects of the administration performance report, members pointed out that an employee who was intending to retire beyond the scheme pension age was unable to receive an estimate of benefits from the online system, and asked whether enabling this feature would help improve performance on the KPI of providing a maximum of one estimate of benefits to employees per year on request. Officers advised that a new, improved online system was due to be in place in January 2018. This system was used by most local government pension administrators, and if a facility to provide an automated forecast of post-retirement age benefits was thought by that community to be beneficial, it would be put forward to the software providers as an item for development.

It was resolved to note the Administration Performance Report.

## **8. DATA QUALITY**

The Board received a report setting out information on how data quality would be assessed and rectified, and on the progress of data improvement projects already underway.

Discussing the report, Board members

- asked whether scheme members saw the information held on them, and pointed out that the introduction of General Data Protection Regulation (GDPR) would confer greater rights on people to check the data held on them.

Officers advised that active scheme members, whose data tended to change more than that of other members, were encouraged to use member self-service to view their annual statements online and to check the details. It was planned to introduce this facility for pensioner members once online payslips had been introduced; members urged that ways be investigated of drawing members' attention to the option for self-service

- expressed surprise that 'risks associated with ensuring that records held on members are accurate' had a residual risk rating of green; officers advised that this was a work in progress
- noted that the policy on overpayments of pension was to seek to recover, but officers were sensitive to individual circumstances, and did not apply a rigidly uniform approach.

It was resolved to note the content of the report.

## **9. GOVERNANCE POLICY & GOVERNANCE COMPLIANCE STATEMENT**

The Board received a report presenting the revised Governance Policy and Governance Compliance Statement, which had been revised to reflect the establishment of the Joint Committee for the ACCESS pool. Members noted that there was a requirement to update the Compliance Statement every time a change was made to the constitution of the Pension Fund, and to send a copy of the statement to DCLG to demonstrate that this had been done.

It was resolved to note the Governance Policy and Governance Compliance Statement provided in the appendix of the report before the Board.

## **10. CAMBRIDGESHIRE PENSION FUND ANTI-FRAUD AND CORRUPTION POLICY**

The Board received a report presenting the Anti-Fraud and Corruption Policy, noting that the earlier comments of both the Cambridgeshire and Northamptonshire PFBs and Internal Audit had been incorporated into the final version of the Policy.

It was resolved to note the contents of the report.

## **11. PROCUREMENT OF ACTUARIAL, BENEFITS AND GOVERNANCE CONSULTANCY SERVICES**

The Board received a report updating it on the procurement of Actuarial, Benefits and Governance Consultancy Services. Members noted that Actuarial Service, Benefits Consultancy and Governance Consultancy were being re-procured under three separate tenders, with the Cambridgeshire and Northamptonshire pension funds working together. Members of both authorities' pension committees were involved in evaluating the bids, and the contract was expected to be in place on 1 April 2018.

It was resolved to note the update for the procurement of Actuarial, Benefits and Governance Consultancy Services.

## **12. GENERAL DATA PROTECTION REGULATION**

The Board received a report setting out an overview of the GDPR and a plan of action to ensure compliance with the regulation. Members noted that

- the data controller was the Local Authority, as the administering authority
- LGSS Pensions officers were awaiting guidance from the administering authority on what needed to be done to comply with the regulation
- the Board report set out the current position based on officers' research and training events attended to date
- data should not be held when it was no longer required, but pension funds often had to deal with queries about for example employment several decades ago, which made it difficult to know when particular data would no longer be required
- together with officers from other funds, LGSS Pensions officers had drafted a privacy statement; the privacy statement had been sent to the Local Government Association (LGA) for review, to ensure it was compliant
- once the LGA review was complete, the privacy statement would be personalised for the Cambridgeshire fund and publicised on the website, and suppliers' contracts would be reviewed
- the deadline for full compliance was 25 May 2018.

Discussing the report, Board members

- noted that reassurance was being sought from the administering authority that the level of detail in the information asset register would be compliant with the GDPR; the question had been raised recently at the LGSS Management Board
- encouraged officers in their efforts to seek guidance from the administering authority; the Chairman offered his assistance as a member of the largest political group on the Council

- noted that much of the work already done by officers applied also to Northamptonshire, so their efforts would not be wasted
- commented that it would be best if the same protocols could apply to both the Northamptonshire and the Cambridgeshire pension funds; every effort should be made to adopt as simple an approach to the GDPR as possible, while ensuring that this was compliant with the legislation
- noted that the right to be informed was already included in the provisions of the Data Protection Act 1998 (DPA); what was unclear was the issue of consent for data to be processed
- suggested that it would be helpful for Board members to receive training on the GDPR in the longer term, once the outstanding questions had been resolved, to help them judge how the requirements were being implemented
- asked that the GDPR be a standing item on the Board's agenda. **Action required**

It was resolved to note the contents of the report.

### **13. 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 it contained 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).

### **14. ASSET POOLING UPDATE**

The Board received an oral update on progress with asset pooling arrangements from the Head of Pensions. He advised that the passive management contract had now been awarded, and that several expressions of interest in the remaining operator contract had been received and were being followed up.

The Head of Pensions undertook to provide a written update on asset pooling for future meetings of the Board.

It was resolved to note the oral update.

Chairman