

Cambridgeshire Pension Fund Board

Annual Report 2017-18

Contents

	Page
Chairman's Foreword	3
Background	4
Role and Remit and Governance Compliance Statement	5
Constitution and Membership	6
Code of Conduct and Conflicts Policy	9
Knowledge and Understanding	10
Reporting Breaches of the Law to the Pensions Regulator Policy	13
Work Programme 2017-18	14
Work Programme 2018-19	16
Key Officers supporting the Pension Fund Board	17

Chairman's Foreword

I am delighted, as Chairman of the Cambridgeshire Pension Fund Board, to introduce the third Cambridgeshire Pension Fund Board Annual Report, for 2017-18. The Board was established in accordance with the Public Service Pensions Act 2013. Our task is to assist Cambridgeshire County Council by making sure it is administering the Local Government Pension Scheme effectively and efficiently, and is compliant with the law.

As Chairman, I am keen for the Board to continue to work hard to protect both the interests of the Pension Fund and its members. One example of this is the concern we felt when considering legislation relating to cohabiting partners. The requirement for a nomination form to be completed by a scheme member has been removed for payment of partner benefits for cohabiting partners since 2014. This has left a question mark over the rights of a cohabitee whose partner dies between 2008 and 2014 without having completed the nomination form. Although it is not possible to go against legislation, we expressed disquiet at the unsatisfactory nature of the situation for the pension fund and its members, and will be making this a permanent agenda item whilst the impact of *Elmes v Essex* is decided.

We also considered the problem of securing payment from employers who cannot be ejected from the scheme because of their admission status. As a result, we proposed that legal advice be obtained as to what actions are available to pension funds to deal with such employers.

I welcome comments and feedback on the Local Government Pension Scheme from both employers and members, and encourage them to raise any issues of concern directly with me.

I am confident that the dedication and commitment of the current Board members will continue into 2018-19 in order to assist Cambridgeshire County Council in maintaining the high standards of the administration of the Fund.

Councillor Simon King
Chairman of Cambridgeshire Local Pension Board

Background

The Public Services Pensions Act 2013 requires all Public Service Pension Schemes to establish a Local Pension Board to assist the Administering Authority (Cambridgeshire County Council) to:

- secure compliance with the Local Government Pension Scheme (LGPS) regulations and other legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator in relation to the LGPS; and
- ensure the effective and efficient governance and administration of the LGPS.

The Cambridgeshire Local Pension Board is in addition to the existing Cambridgeshire Pension Fund Committee. It is a non-decision making body and is designed to act as a critical friend to the existing Committee and Investment Sub-Committee.

The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of the local pension boards were laid before Parliament on 28th January 2015 and came into force on 20th February 2015.

The Cambridgeshire Local Pension Board was established by Cambridgeshire County Council (the administering authority) at its full Council meeting on 24th March 2015. The first meeting of the Board was held on 16th July 2015.

Role and Remit

The role and remit of the Cambridgeshire Local Pension Board is to assist Cambridgeshire County Council (the administering authority) by making sure it is administering the Local Government Pension Scheme effectively and efficiently and, in doing so, is complying with relevant laws and regulations. The Board does this by reviewing the policies and practices that Cambridgeshire County Council has adopted and checking them against the applicable regulations, as well as comparing them to examples of best practice elsewhere.

Governance Compliance Statement

Each Administering Authority must have in place a Governance Compliance Statement that sets out whether it delegates its functions, or part of its functions, under the Regulations to a committee, a sub-committee or an officer of the authority. Where the Administering Authority does delegate its functions, the statement must include:

- the terms, structure and operational procedures of the delegation;
- the frequency of any committee or sub-committee meetings;
- whether such a committee or sub-committee includes representatives of scheme employers or members, and if so, whether those representatives have voting rights;
- the extent to which a delegation, or the absences of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- details of the terms, structure and operational procedures relating to the Local Pension Board.

Constitution and Membership

Cambridgeshire County Council approved the terms of reference for the Cambridgeshire Local Pension Board on the basis that the Board is a stand-alone authority. With the assistance of the Local Pension Board, it has also approved standing orders for the Board. A copy of both documents is available at the following link

<https://cmis.cambridgeshire.gov.uk/ccclive/Documents/PublicDocuments.aspx>
(see Part 3B - Responsibility for Functions, Committees of Council, Pension Fund Committee)

A Local Pension Board must include an equal number of employer and member representatives with a minimum requirement of no fewer than four in total. At its meeting on 24th March 2015, Cambridgeshire County Council agreed to establish a Local Pension Board with three employer representatives and three scheme member representatives. The term of appointment for all members is four years or until qualification for membership ceases.




The method of appointment is two employer representatives to be appointed by Cambridgeshire County Council Full Council and all other members to be appointed via an open and transparent selection process. An application pack containing the terms of reference and an outline of the knowledge and understanding and capacity requirements is available and advertised to employers and members within the Fund in a way that is compliant with the requirements set out in the Local Government Pension Scheme (LGPS) – Guidance on the Creation and Operation of Local Pension Boards in England and Wales whenever a new member is recruited. Following receipt of applications from potential representatives, a short listing and interview process involving the Council's Monitoring Officer or his representative determines that the representative has the required attributes to carry out the role effectively. At the request of the Board, the Monitoring Officer has agreed that the Chairman/woman and Vice-Chairman/woman of the Board can be involved in the interview process.

The membership of the Board is as set out overleaf:

Employer Representatives

		
Councillor Simon King Employer Representative	Councillor Ian Manning Employer Representative	Councillor Denis Payne Employer Representative
Cambridgeshire County Council Conservative Group	Cambridgeshire County Council Liberal Democrat Group	Histon and Impington Parish Councillor
Simon.King@cambridgeshire.gov.uk	manning.ian@gmail.com	denis@dwpayne.net
Appointed: 23 May 2017	Appointed: 23 May 2017	Appointed: 3 February 2017

Scheme Member Representatives

		
David Brooks Scheme Member Representative	Barry O'Sullivan Scheme Member Representative	John Stokes Scheme Member Representative
Former Vice- Principal – Business of The Thomas Deacon Academy	Cambridgeshire County Council Customer Service Advisor	Former Senior Architectural Technologist
	Barry.O'Sullivan@cambridgeshire.gov.uk	
Appointed: 21 October 2015	Appointed: 16 July 2015	Appointed: 16 July 2015

The Chairman/woman and Vice-Chairman/woman of the Board are elected by the Board on annual basis.

The current Chairman is Councillor Simon King and the Vice-Chairman is David Brooks.

The Board has met three times during the period of this Annual Report. The meeting scheduled for July had to be cancelled due to members' lack of availability. Unfortunately given the August holiday period, it was not possible to reschedule it before the October meeting.

The attendance record for members of the Board is detailed below:

Employer Representatives				Scheme Member Representatives		
Date	Cllr Simon King	Cllr Ian Manning	Cllr Denis Payne	David Brooks	Barry O'Sullivan	John Stokes
27 October 2017	Attended	Not in attendance	Attended	Attended	Attended	Attended
23 February 2018	Attended	Not in attendance	Attended	Attended	Attended	Apologies
20 April 2018						

Code of Conduct and Conflicts Policy

Cambridgeshire County Council (the Administering Authority) is required to prepare and approve a code of conduct for the Board to adopt. The code of conduct should set out the standards of behaviour expected of members, incorporating the 'Seven Principles of Public Life' (known as the Nolan Principles).

The elected and co-opted members of a local authority are governed by their local authority's code of conduct for councillors. This code is required of every local authority by the Localism Act 2011 and sets out the standards of behaviour expected of individuals in their capacity as councillors. In addition, there is a legal obligation for councillors to disclose, in a register maintained by the authority's monitoring officer, certain pecuniary interests, as defined in regulations made under the 2011 Act. Both of these requirements apply to any members of a Local Pension Board who are also councillors of a local authority. They do not apply to members of a Local Pension Board who are not Councillors unless they are specifically adopted in terms of reference or other policy document to apply to the other members of the Board.

The Cambridgeshire Local Pension Board has agreed formally, at its meeting on 21st October 2015, to adopt the Cambridgeshire County Council Code of Conduct for all members of the Board. A link to the completed code of conduct forms for Councillor Board members is available below:

<https://cmis.cambridgeshire.gov.uk/ccclive/Councillors.aspx>

The code of conduct forms for non-Councillor members are retained by the Democratic Services Officer, Ruth Yule, supporting the Board.

It is not anticipated that significant conflicts of interest will arise in the same way as would be the case if the Board was making decisions on a regular basis (compared, for example, to a Pensions Committee). However, officers will take steps to identify, monitor and manage conflicts effectively.

Knowledge and Understanding

In accordance with Section 248A of the Pensions Act 2004, every individual who is a member of a Local Pension Board must be conversant with:

- the rules of the Local Government Pension Scheme (LGPS)
- any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund.

Each individual must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed.

Cambridgeshire County Council (the Administering Authority) is required to make appropriate training to Local Pension Board members to assist them in undertaking their role and where possible support all members of the Board in undertaking that training.

The Board approved the Knowledge and Understanding Policy Framework for Cambridgeshire Pension Fund Board Members which is available at the following link (*see item 7*):

<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=1069>

The Pensions Regulator has provided an e-learning programme which has been developed to meet the needs of all members of public sector scheme pension boards, whether or not they have access to other learning. The majority of members of the Cambridgeshire Local Pension Board have already completed the Pension Regulator's Toolkit, which is a compulsory requirement under the Knowledge Management Policy. Members who have not completed the Toolkit have been contacted with a reminder and provided with a link as follows:

<http://www.thepensionsregulator.gov.uk/public-service-schemes/learn-about-managing-public-service-schemes.aspx>

The Local Pension Board is required to keep appropriate records of the learning activities of individual members and the Local Pension Board as a whole. This will assist members in demonstrating their compliance, if necessary, with the legal requirement and how they have mitigated risks associated with knowledge gaps. It is a statutory requirement to include details of the training undertaken by members of the Pension Fund Board in the Fund's Annual Report. In addition, this information may be required by other agencies such as the Pensions Regulator from time to time.

A schedule detailing the training undertaken by Cambridgeshire Local Pension Board members is detailed below:

Member	Event	Date
Cllr Simon King	Statutory and non-statutory policies – training item	23/2/2018
	Cross Pool Open Forum	27/3/2018
Cllr Ian Manning	None	
Cllr Denis Payne	Completion of the Pension Regulator's Toolkit	28/2/2017
	Training Needs Analysis	7/3/2017
	Local Pension Board Two Years on Seminar	28/6/2017
	Pension Information Day	5/7/2017
	LGC Investment Summit	7-8/9/2017
	Pension Information Day	22/11/2017
	Employers Forum	29/11/2017
	Statutory and non-statutory policies – training item	23/2/2018
Barry O'Sullivan	LGA Local Pension Board Training	21/05/2015
	LGSS Joint Local Pension Board Training	1/09/2015
	UBS First Steps	3/11/2015
	UBS Second Steps	3/11/2015
	LGSS Valuation Training	3/02/2016
	Local Pension Board Seminar	29/6/2016
	Pension Ombudsman Case Study - Training item	22/7/2016
	Completion of the Pension Regulator's Toolkit	November 2016
	LGC Investment Seminar	3/2/2017
	Local Pension Board Two years on Seminar	28/6/2017
	Pension Information Day	5/7/2017
	Unison Eastern Regional pensions forum	22/9/2017
	Pension Information Day	6/10/2017
	Pension Information Day	22/11/2017
	Training Needs Analysis	6/12/2017
	National LGPS Seminar	10/1/2018
	Statutory and non-statutory policies – training item	23/2/2018

John Stokes	LGA Local Pension Board Training LGSS Joint Local Pension Board Training LGSS Pensions Liability Driven Investment & Passive Investment Training Day LGSS Valuation Training Completion of the Pension Regulator's Toolkit Pension Ombudsman Case Study - Training item Schroders Trustee Training LGC Investment Seminar Local Pension Board 2 Years on Seminar Pension Information Day LGC Investment Summit Pension Information Day Training Needs Analysis LAPFF Conference	21/05/2015 1/09/2015 27/10/2015 3/2/2016 22/6/2016 10/6/2016 2/3/2017 28/6/2017 5/7/2017 7-8/9/2017 6/10/2017 6/12/2017 6-8/12/2017
David Brooks	Completion of the Pension Regulator's Toolkit Pension Ombudsman Case Study - Training item 14th Annual Trustee Conference Pension Information Day Training Needs Analysis Statutory and non-statutory policies – training item	17/2/2016 22/6/2016 29/6/2017 6/10/2017 6/12/2017 23/2/2018

A Local Pension Board is also required to prepare and keep updated a list of the core documents recording policy about the administration of the Fund and make sure that the list and documents (as well as the rules of the LGPS) are accessible to its members. The LGSS Pensions Team has prepared such a list for Cambridgeshire Local Pension Board members, which is available at the following link:

<http://pensions.cambridgeshire.gov.uk/index.php/governance2/key-documents>

At its meeting in January 2017, the Board approved the Cambridgeshire Pension Fund Training Strategy 2016. The Strategy is based on a training credits concept reflecting a mix of training from e-learning to training days which recognises people's commitments. The Training Strategy is currently under review and is due to be delivered at the October 2018 meeting.

Reporting Breaches of the Law to the Pensions Regulator Policy

In accordance with section 70 of the Pensions Act 2004, certain individuals must report to the Pensions Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

- a duty which is relevant to the administration of the LGPS, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with; and
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any its functions.

This obligation directly applies to each individual who is a member of the Local Pension Board. The Local Pension Board must therefore have effective arrangements in place to meet its duty to report breaches of law.

At its meeting on 21st October 2015, the Cambridgeshire Local Pension Board was informed that, in line with the Pensions Regulator's Code of Practice number 14 (Governance and administration of public service pension schemes), the Fund has developed a policy that sets out the mechanism for reporting breaches of the law.

The policy ensures that those with a responsibility to report breaches of the law are able to meet their legal obligations, by analysing situations effectively in order to make an informed decision on whether a breach has been made.

As the Cambridgeshire Pension Fund Board does not have decision making powers, the Board is not able to approve this policy. Instead it reviewed the Policy on 21st October 2015 before it was approved by the Pension Fund Committee at its meeting on 22nd October 2015. The Policy is due to be reviewed in the 2018/19 financial year.

A copy of the "Reporting Breaches of the Law to the Pensions Regulator Policy" is available at the following link:

<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=1070>

Work Programme 2017-18

The Cambridgeshire Local Pension Fund Board has met three times in 2017-18, on 27th October 2017, 23rd February 2018 and 20th April 2018.

Board Meeting – 27th October 2017

This was the first meeting of the Board in the municipal year. The meeting scheduled for July had been cancelled due to members' lack of availability. Unfortunately given the August holiday period, it was not possible to reschedule it before this meeting.

At the meeting, the Board considered its Terms of Reference and Standing Orders. Members queried the rationale for a four-year term of appointment for Board members, given the length of time required for a member to become fully conversant with the range, knowledge and understanding required to do the job. They therefore welcomed the fact that they were free to stand for an additional term of office if they so wished.

The Board considered cohabiting partner's legislation and noted that the requirement for a nomination form to be completed by a scheme member had been removed for payment of partner benefits for cohabiting partners. This now left a question mark over the rights of a cohabitee whose partner died between 2008 and 2014 without having completed the nomination form. Whilst the Board had been informed that it was not possible to go against legislation, it did express disquiet at the unsatisfactory nature of the situation for both pension funds and their members.

Members were concerned to be informed that changes to exit payment reform would affect a large number of employees and could prevent them from receiving their full entitlement. It was noted that how the exit cap would work in practice was to be the subject of a consultation. Members asked to be kept informed on which funds in the ACCESS pool, and smaller funds retained locally, had or had not signed up to the Transparency Code.

The Board considered the problem of securing payment from academies. It was proposed that legal advice be sought to understand what actions were available when dealing with late-paying employers who could not be ejected from the scheme because of their admission status.

Members also received an overview of the General Data Protection Regulation and a plan of action to ensure compliance with the regulation. Training will be provided to Board members in the longer term to help them judge how the requirements were being implemented.

The Board also considered reports on data quality, the revised Governance Policy and Governance Compliance Statement, the Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy, and an update on the procurement of Actuarial, Benefits and Governance Consultancy and Governance Consultancy.

Board Meeting – 23rd February 2018

The Board examined a confidential analysis of late payment of employer and employee contributions. It was noted that two employers who had persistently been being paying late had been reported to the Pensions Regulator.

In considering the governance of the Local Government Pension Scheme and the impact of potential, new, amending and overriding legislation that would have an impact on the Scheme and on members' benefits, the Board noted the High Court judgement in the case of Elmes versus Essex. It was likely that the Pension Fund would be obliged to pay a pension to the partner of a deceased member who died without completing a nomination form between April 2008 and March 2014 providing the eligibility criteria could be met.

The Board has a role in ensuring that the Pension Fund has policies and that they are up to date. As such, the Chairman has requested that a table be drawn up showing the policies, both statutory policies and those which are non-statutory but good practice, and that the table include the date when each policy is due for review. This will be included as a standard item on policy monitoring.

Members also received an update on the work to achieve compliance with the General Data Protection Regulation, a report on the effectiveness of an exercise to obtain proof of existence from pensions' residents overseas, the results of the procurement exercise for the supply of Actuarial, Benefits and Governance Consultancy Services, and an update on Asset Pooling.

Board Meeting – 20th April 2018

To be completed following meeting.

Work Programme 2018-19

The Cambridgeshire Local Pension Board maintains a work programme (agenda plan) which is considered at every meeting. The Work Programme for 2018-19 is as set out below:

6 July 2018

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling (every meeting)
- Implementation of the General Data Protection Regulation
- Overpayments Policy
- Conclusion of Western Union Project
- Communication Plan

19 October 2018

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling update (every meeting)
- Annual Report and Statement of Accounts
- Training Policy Review

15 February 2019

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling update (every meeting)

3 May 2019

- Pension Fund Committee minutes
- Administration Report (every meeting)
- Governance and Compliance (every meeting)
- Asset Pooling update (every meeting)

Key Officers supporting the Local Pension Board

Head of Pensions

Mark Whitby
MWhitby@northamptonshire.gov.uk
07990 556197

Governance & Regulations Manager

Joanne Walton
JWalton@northamptonshire.gov.uk
07342 065329

Governance Officer

Michelle Oakensen
MOakensen@northamptonshire.gov.uk
07824 866138

Democratic Services Manager

Michelle Rowe
michelle.rowe@cambridgeshire.gov.uk
01223 699180

Democratic Services Officer

Ruth Yule
ruth.yule@cambridgeshire.gov.uk
01223 699184