

LOCAL PENSION BOARD

MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Friday 4th October 2019

Members of the Board in attendance:

Employer Representatives – County Councillors E Meschini, S King (Chairman) and Parish Councillor D Payne

Scheme Member Representatives - D Brooks (Vice Chairman), B O'Sullivan and J Stokes

Officers in attendance:

C Blose - Employer Services and Systems Manager

M Oakensen - Governance Officer

P Tysoe – Investment Manager

J Walton - Governance and Regulations Manager

M Whitby Head of Pensions

R Sanderson - Democratic Services Officer

Time: 10.00 am to 12.50 pm

Place: KV Room, Shire Hall, Cambridge

**ACTION
BY**

117. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence. The Chairman had phoned ahead indicating that due to heavy traffic he would be slightly late. (*Note: He joined the meeting for Item 4a) the Minutes of the Pension Committee of 13th June*).

John Stokes highlighted when looking at the Pensions Committee minutes at items 4a) and 4b) that some of the members were declaring their standard declarations. Following confirmation that he did not have to declare any already listed in his declarations form at every meeting, he confirmed that he had no additions to declare.

118. MINUTES OF THE PENSIONS FUND BOARD 5th JULY 2019

The minutes of the meeting of 5th July 2019 were approved as a correct record and in the absence of the Chairman the Vice Chairman was authorised to sign them.

On Minute 112 titled 'Monitoring and Managing Outsourced Providers' the Vice Chairman expressed his continued concerns regarding using Western Union for the contract for proof of existence for overseas pensioners as there had been issues regarding them signing the GDPR addendum. Officers as an update indicated they were not using Western Union for the contract as they

had not been able to reach agreement with them on the issues. More details were included in a later report on the agenda.

119. MINUTES ACTION LOG

The Minute Action Log was noted.

120. MINUTES PENSION FUND COMMITTEE 13th JUNE AND 25th JULY 2019

The last two Pension Fund Committee minutes had been provided to the Board for information and were noted.

121. LOCAL GOVERNMENT CHRONICLE (LGC) INVESTMENT AND PENSIONS SUMMIT UPDATE

The Board Members who had attended provided the following observations:

- The main emphasise that had emerged as discussed in break-out sessions reflected the current widespread concerns around climate change with ESG and the environmental issues to the fore, and included discussions on responsible investments. (*Note: Environmental, social and governance (ESG) refers to the three central factors in measuring the sustainability and ethical impact of an investment in a company or business*).
- On the defined contribution scheme it was highlighted that there were revised requirements on trustees.
- There had been greater participation from delegates than had been the case in the past, which reflected the interest in the main issues highlighted, and there had been good opportunities for networking with representatives from other Pension funds.
- One member highlighted that the issue of giving out trinkets / 'freebies' should be reviewed as they were of no value and it was the pensions funds who were ultimately paying for them.
- One of the sessions on good governance undertaken by the Chair of the Scheme Advisory Board suggested a different approach to openness from that recently agreed at the Access Board the latter of which was set out in the minutes included later on the agenda. As it was not a mandated scheme, the suggestion was that it should be set up on an 'explain or comply basis'.
- Regarding training sessions and referencing officer only attendance at certain seminars (a budgeting seminar in December which was not included in the Internal / External Training events programme on page 73 being cited) a Member queried the reasoning for this. In reply the Head of Pensions explained some had not been included in the programme for member attendance in order to obtain a balance between those recommended to increase members' knowledge without compelling members to attend too many, especially if the particular training was geared more towards officers. The aim was for members to have to attend only two conferences where possible in order to obtain the necessary credits. However, if a member felt that they would benefit from attendance, their application would be supported and the necessary fees / expenses paid for.

- Further to the above it was suggested that the training programme schedule should have more information on its intended audience / what the aims of the conference / seminar were, where known. It was also suggested that the schedule should in future include a general note to the effect that where officers were the identified audience, this did not preclude members from attending. **Action: LGSS Governance Officer.**
- The need to improve monitoring of fund managers against ESG and to ensure it was central to their investment strategies, which should include providing details of their voting records. **Action: The Pension Fund manager undertook to provide voting records in a future report.** Officers gave assurance that monitoring of Fund Managers investments was undertaken as part of regular meetings, highlighting that already some fund managers treated ESG as a recognised risk. This was however different from saying that fund managers should not invest in certain stocks and shares.
- Regarding the Investment Strategy, Councillor Payne was not convinced that there was sufficient weight given to ESG as it was only referenced in two lines, especially as now four major employers of the Fund had declared a climate emergency.
- There was a request for a paper to be submitted to the Board to explain in more detail the guidance given to Fund Managers on ESG. It was agreed that more information could be provided on non-financial factors that Fund managers should take into account, but this would be for member understanding, and was not taking the Fund down a divestment path. Assurance was given that ESG was taken seriously by officers highlighting that there was to be two seminars on the subject with an item also recommended to be added to the Risk Register, as set out in a report later on the agenda. In addition, a recent Access Board had spent a third of its meeting discussing ESG with a large number of officers involved in the issue. In terms of a report on guidance, the officer suggestion was that this should await the new stewardship guidance code expected from Government. **Action: Reference to be made in the agenda plan to highlight the need for a report once the guidance was published.**

Michelle
Oakensen

M Whitby
/ M
Oakensen (MO)

MO

In summing up, the Chairman thanked the Board members who had attended for their feedback, commenting that it had been a very useful seminar and clearly represented value for money.

The updates and future requests for reports to the Board were noted.

122. VALUATION OF THE PENSION FUND

This report provided a brief update on the key work being undertaken on the Pension Valuation. This included:

- An oral update on the details of the principles based consultation held with Resolution Bodies and Small admitted Bodies over the continuation of their respective pools was provided. Of the 40% who had responded, 43% wanted the pool to continue, 33% had no view with 24% supporting disbandment. Of the small pool employers, three out of the five had responded, one supported disbandment, two had no particular strong views, with one supporting continuation and one

disbandment. . There had been no consensus on disbandment in terms of equalisation of the funds or each employer leaving with its own underlying funding position. The recommendation to the Pension Fund Board was to disband the pools. As a lot of detail had been provided in the oral update **the presenting officer (Employer Services and Systems Manager) was asked to provide a written statement that could be added to the minutes. Action** (Note: See the appendix to these minutes).

Cory
Blose

- A correction was made on paragraph 2.3 on the date of the Employers forum to be held at Girton College which should have read 4th December not 4th October.
- The Actuary had now received membership data from Scheme Employers and been provided with acceptable membership data at whole Fund level as well as cash flow data. The Actuary would present the results to the Pension Committee's October meeting.
- A draft Funding Strategy statement had also been produced and would be going forward to the Committee detailing how the Fund would set contribution rates for different employers and once agreed would be released to employers.

Questions / issues raised included:

- On paragraph 3.5 referencing initial risk profiling of employers and those that would require deeper covenant assessments a question was raised on how this was to be undertaken. It was explained Hymans would look at market space and assess an employers ability to meet any deficit. This exercise through another company focussed on the riskiest employers and was undertaken looking at publicly available information.
- David Brooks requested that in future, he should, like Councillor Payne and King receive hard copies of the Pension Committee agenda.
Action: Democratic Services

Rob
Sander-
son notify
Dawn
Cave

The Valuation Update was noted.

123. PENSION FUND ANNUAL BUSINESS PLAN UPDATE

This report presented the Pension Fund Business Plan update for the period 1st July to 30th September 2019

In the oral presentation the key issues highlighted included:

- **GC 1 Procure a supplier of specialist legal advice** - this had slipped to quarter 3 for the reasons set out in paragraph 2.2.1 of the report.
- **GC3 Obtain proof of continued existence of scheme members residing overseas** - As already referenced earlier, it was initially planned to use Western Union's Proof of Existence service to conduct this exercise. However when reviewing the terms and conditions of this service, officers had been uncomfortable with the position taken by Western Union on the General Data Protection Regulation (GDPR). Western Union believed their GDPR responsibilities were limited to that of a Data Controller, with the

administering authority's view being that Western Union were a Data Processor; a role that was accountable for any data breaches and their associated penalties. Attempts had been made to negotiate with Western Union, but no change of position was able to be agreed. Given the risks associated, it was decided not to proceed. Instead LGSS Pensions would send a proof of existence certificate to all pensioner members residing overseas that would require a witness in the form of a suitable government official.(e.g. GP, town clerk, local councillor, pharmacist) It was confirmed in answer to a question, that details were included on who was considered to be a suitable signatory.

- **GC7 Complete the Guaranteed Minimum Pension reconciliation project with rectification of Members records - request on additional resources for Pensions committee approval.** In addition to the £9,000 for ITM Limited to cross reference data from HMRC (to identify any non-member liabilities that may have erroneously been transferred from other pension schemes), it was also proposed to purchase at a cost of £12,500 a one year license from Heywoods (the pensions and payroll administration software provider). This would access to the interfaces that would facilitate the pension amendments required. This would enable the rectification of pensions to be undertaken in a systematic and automated manner, as opposed to undertaking a time consuming manual data entry process, the latter of which, might take up to two years. The expenditure was supported by the Board.

It was resolved to note the report.

124. ADMINISTRATION PERFORMANCE REPORT

The Board considered a report which considered key areas of administration performance of the Cambridgeshire Pension Fund.

The tables in appendix 1 of the report provided an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2019.

For the period 1st June to 31st August 2019 the Fund had met all targets with the exception of three with the detail included in appendix 2 of the report.

The table in appendix 3 showed the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1st August 2018 to 31st July 2019. The private and confidential appendix 4 detailed the late paying employers for May, June and July 2019 and the discussion was taken in closed session, having excluded the press and public. As an update it was indicated that the two employers indicated as not having paid, had now done so and follow up escalation action had been undertaken regarding the Employer Group who had been persistently late over a three month period.

Section 2.42 set out details of any breaches of law. There had been no material breaches and in terms of none material breaches only two out of 24,512 annual benefit statements had not been issued by the statutory deadline and was therefore a very successful exercise.

Section 2.5.1 set out details of progress of cases within the Internal Dispute resolution procedure.

Section 2.6.1 provided details of employer admissions and cessations.

In discussion with reference to page 61 – ‘Management Expenses on the Total Governance Expenses’ - where it was stated that “Actuary fees were understated (McCloud)” there was a request for details of how much of the total was Actuary fees. **Action. An explanation of the £-83k variance would be provided in a note outside of the meeting, including how much of this was the additional actuary fees.**

MO / Paul
Tysoe

It was resolved:

To note the Administration Performance Report.

125. GOVERNANCE AND COMPLIANCE REPORT

This report provided information on:

- Potential, new or amending legislation and Court judgements affecting the Local Government Pension Scheme (LGPS);
- Other pensions legislation;
- The LGPS Scheme Advisory Board and the Pensions Regulator;
- Issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis;
- The Equitable Life Proposal
- Skills and knowledge opportunities.

Key issues highlighted included:

On new legislation and court judgements:

- The Investment Consultancy and Fiduciary Management Market Investigation Order had potential implications for LGPS Asset Pools. Part 7 of the Order to come into effect from 10th January 2020 would prohibit scheme managers from entering into a contract or continuing to obtain investment on consultancy services without setting strategic objectives for the investment consultancy provider. A report on the implications was to be prepared for the November meeting of the Investment Sub Committee. The issue was in relation to the role of advisors and whether it applied to local government. Officers were currently awaiting the outcome of the discussions between the Scheme Advisory Board and Government officials.
- Details were provided on the ‘Ministerial Statement – Walker V Innospec Supreme Court’ judgement – This for public service pension schemes ruled that that civil partners and survivors of same sex marriages would

be entitled to receive benefits equal to those received by widows of male members. Currently in the LGPS, in some cases, the widower of a female scheme member was entitled to a lower survivor pension than the widow of a male scheme member. This decision did not change this.

- Langford V RAF Pension Scheme Court of Appeal Ruling – On 17th July 2019 - the Court of Appeal had awarded a survivor pension in the RAF pension scheme to Ms Langford following the death of her partner in 2011. Ms Langford had cohabited with the scheme member for 15 years, but she was married to someone else at the time of her partner's death. It was highlighted that this decision could have far-reaching consequences for other cohabiting couples in the public sector where a surviving partner was married to a third party. Currently in the LGPS, both partners needed to be "free to marry" to qualify for payment of a cohabiting partner's pension (amongst other qualifying criteria). The Government's response to this decision was awaited.
- There was no update regarding the McCloud case in terms of the 2019 triennial valuation process. There would be extra costs to the Fund, it was just the magnitude that was not known.

Section 5 set out details of consultation responses relating to:

- a) Local valuation cycle and the management of employment risk
- b) Exit payment cap.

Section 6 of the report provided details of Equitable Life's Proposal to transfer the Society and all its policies to Utmost Life and Pensions.

With reference to the Internal / External training and events 2019- 20 schedule one member complained that the last Pensions Information day he had attended on the 17th July had for him been a complete waste of time as it related to accountancy, an area he was completely familiar with. Had he received an agenda in advance which could have alerted him to the subject matter, he would have not attended. He also stated that the food provided at the Wyboston Lakes conference centre was, in his opinion, appalling. Further to this he requested a breakdown of the costs for the last four training days. In reply it was agreed that it was not good practice that no agenda was available in advance, and that where ever practicable, an agenda should be sent out two weeks before the meeting. The Investment and Fund Accounting Manager Paul Tysoe indicated that feedback was always requested on the day at these events and the feedback for the particular day referred to had been favourable. Venue choice was to an extent geographical, as the training involved personnel from two Pension Funds, the aim was for a venue was halfway between the two pension fund areas. In terms of cost, this depended on the topic and the number of advisers making presentations. **Action: The breakdown of the costs of the last four training days would be provided outside of the meeting.**

M
Oakensen

As agreed earlier in the meeting, **the training events schedule would in future seek to provide more information regarding the main topics for a particular training day. Action**

M
Oakensen

The officers were praised for the content of the report which kept the Board very well informed.

Councillor Payne highlighted that he would wish to attend the PLSA conference which was not currently included on the list. Action: The Head of Pensions indicated that his costs would be met from the Fund.

**Mark
Whitby
/MO**

It was resolved:

To note the report contents including the responses provided as appendices to the report.

126. DATA IMPROVEMENT PLAN PROGRESS REPORT

The Data Improvement Policy and Data Improvement Plan was established to demonstrate to the Pensions Regulator that the Fund reviewed the quality of its data and had an ongoing approach to ensuring appropriate processes were in place to consistently hold accurate data. This report presented progress against the Pension Fund Data Improvement Plan

The key issue discussed was around Member tracing and mortality screening. With the contract with Accurate Data Services having commenced in June 2019. Address tracing was expected to be completed by 30th November 2019 and mortality screening would be conducted monthly for the duration of the two year contract.

It was highlighted that 52,861 deferred, frozen, pensioner and dependant member records were submitted through the first stage of the tracing services. 11,429 members were confirmed as living at the address held by the Fund and 164 members were confirmed to have died. All of the 164 members identified had their pension payments suspended due to either a past payment being rejected by the bank, or post returned undelivered. In those cases the Pensions Service had not been able to establish contact with the member's representative. The remaining 40,063 members were processed against a specialist automated database and a further 19,255 members were confirmed as living at the address held and 6,850 members were confirmed as living at a new address. This left 13,958 cases to be manually traced. There were a further 1,205 records deemed unsuitable for the automated process.

6,078 of the 13,958 low confidence cases had been processed through the manual tracing process. 1,483 members were confirmed as living as stated, with 483 members confirmed as living at a new address and 43 members confirmed as deceased, of which only one pension was in payment, which had since been suspended.

Issues raised from the subsequent discussion included:

- Asking what was the procedure when people could not be traced. The approach was to look, where there was confidence that the address was the same, whether there had been any financial transactions / utility bills paid. Members that infrequently made financial transactions because they had no mortgage or utility bills in their name, fell into the categories of low confidence and were unlikely to be traced at their current address at any level of service.

- Whether power of attorney details where known, could be used to help. Pensions officers had to be very careful in this area as carers / power of attorney addresses were often different.

It was resolved:

To note the report.

127. RISK MONITORING

The Board was asked to review the current risks facing the Fund as set out in Appendix 1 of the report.

Officers of the Fund had reviewed the risk register and concluded that no risks had seen a change in impact or likelihood scores since the last review.

Changes highlighted were:

- Risk 12 'Pension Fund systems and data may not be secure and appropriately maintained' the proposal was to strengthen it following previous Board discussions regarding cyber risk and add the words 'including cyber risk' and to add to the mitigations that the training on Cyber Resilience and Data Protection was now mandatory for all LGSS employees.
- An addition as risk 26 on the register to highlight the potential risk of climate change on the value of the Fund's investments.
- As with the previous update, the risk to the Fund following the outcome of the McCloud judgement remained the same. As no decision was made prior to the 31st August 2019 cut off for actuaries to revisit their assumptions, there was a risk that the 2019 valuation of the Fund and each employer liability might be incorrectly valued resulting in the calculation of inappropriate contribution rates being set. It was therefore considered appropriate to highlight this as a short term risk for the Board to monitor.
- The political risk and uncertainty surrounding Brexit could have an impact on asset volatility in the short term, although this risk is outside of the control of the Fund, the Fund needed it was therefore appropriate to highlight this as a short term risk to be prepared for this volatility.

In discussion:

- A member suggested that on climate change it would be useful to have more information on how the risk would be tackled in terms of its effects on the Fund. Officers suggested that this could be achieved by providing an action plan. **Action**
- The same member suggested that both climate change and BREXIT

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should be treated as permanent risks rather than short terms risks to track how they developed.

- One member referencing the earlier discussion on ESG risk, suggested a control needed to be added to risk 26 to include looking at managers voting status regarding their engagement on ESG. On the first bullet on the same risk reading 'Investment Managers are asked to take account of both financial and non- financial factors in their investment strategies' it was recommended that this should be strengthened with the word 'asked' replaced with 'required' **Action**
- An issue was raised regarding one of the Council's (Northamptonshire County Council) having been identified as working without an IT disaster back up protection plan and what the implications were for the Pension Fund data in the event of a major IT disaster. It was explained that the Pensions Service used external software with backup checked and monitored on a regular basis. In addition, member data could be accessed manually if required. **Action:** As a result of the issue being raised, the Head of Pensions felt that it was still appropriate **to send a letter on behalf of the Fund regarding seeking assurance regarding Northamptonshire's IT servers.** Any response received would be included in the Minute Action Log response.

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Mark
Whitby /
MO

It was resolved:

Having reviewed the current risks facing the Fund as set out in Appendix 1 to the report, the Board were content to agree with the officer conclusions as set out in paragraph 2.1 of the report subject to recommending the minor changes detailed above.

128. ANTI FRAUD AND CORRUPTION POLICY REVIEW

This report asked the Board to review the Anti-Fraud and Corruption Policy attached as Appendix 1 and recommend any changes to the Pensions Committee. Section 3.1 set out details of the key proposed changes.

In reply to questions it was confirmed that BACS payments were now undertaken by name and number and that no cheques were now issued to members.

It was resolved:

To support the changes to the Anti-Fraud and Corruption Policy set out in the report.

129. DIGITAL COMMUNICATIONS STRATEGY

This report presented the Draft 2019-20 Digital Communication Strategy for review before being presented to the Pension Fund Committee for approval in December. The document provided a proposed strategy for how the Fund would use communications technology to enhance stakeholder experience and reduce costs, where appropriate and find more engaging methods of

communicating with employers and members digitally. Currently those using the electronic portal to view their pension details had increased to 25-26%.

The Strategy:

- set out the key objectives, and outlined the confidentiality and disclosure commitments.
- how it was planned to implement the digital communications strategy and how success would be measured.
- details how the Fund planned to increase the use of digital communications to move to a policy of digital communications as standard. For Scheme members, this was to be facilitated through the increased use of members' online pension accounts to deliver benefit calculations and other documents. Bulk email and text messaging facilities would also be used to provide information to members and notifications that documents were available online.

Issues raised included:

- Querying how those members not comfortable with electronic communications would be kept informed? When the Pensions Service went over to electronic communications members were written to and it was explained that should members wish to continue to receive paper copies of their annual benefits statement they needed to request this in writing. In reply it was explained that members could opt out at any point and still receive paper communications. It was also pointed out in later discussion that the Digital Communications Strategy was just one part of a wider Communications Strategy. When new members joined they were given the choice of which format they wished to receive their communications in. **It was suggested that this ability to opt out needed to be made clearer in the Strategy. Action**
- **Page 143 (page 5 of document) under disclosure section 'text reading 'governance and then key documents – it was suggested that this text did not need to be in bold.**
- Page 144-145 (Page 6-7 of document) –It was explained that implementation of digital communication targets – the question was raised on whether there were measurable targets. It was explained that officers were currently benchmarking results to establish national response rates to be able to move forward with targets.
- An issue was raised regarding if a person died and there was no access to their computer by any other member of the household how would the Service know? The Service could see who had not accessed their statement and there was now a different system to keep track on Member mortality.

Cory
Bloise
(CB)

CB

It was resolved:

To recommend approval of the Strategy to the Pensions Committee with the changes suggested above.

130. PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS

This report presented the Final Annual Report and Statement of Accounts of the Pension Fund for the 2018-19 financial year.

In the presentation it was highlighted that the County Council's External Auditor Ernst and Young had confirmed that the Accounts reflected a true and fair view of the financial position of the authority (and the Fund within it) and were free from material misstatement. As a result, the Accounts were officially signed off at the County Council's Audit and Accounts Committee on 31st July. At that meeting the Chairman, Councillor Shellens, complimented officers that they were the cleanest accounts he had seen in his five years as Chairman.

Questions raised in discussion included:

- Why the accounts were not signed off by the Chairman of the Local Pensions Board? The Accounts were signed off by the County Council's Audit and Accounts Committee Chairman while the Chairman of the Pensions Board signing off the Annual Report.
- **Page 164 (Page 8 of the document) table showing attendance at applicable meetings / training sessions** – in terms of the latter attendance this could be misconstrued that those with less attendance at training sessions (one had attended 11) than others had missed some. The member who had raised it, had attended all six presented to him as being useful to attend. Presenting the number of attendances on training sessions in this way was unhelpful. **Action: The Chairman suggested showing the number of credits gained than the number of training sessions might be more useful. Officers agreed to take this away and reword in future Annual Reports. Action**

Paul
Tysoe /
Ben
Barlow

It was resolved:

- a) To note the report.
- b) To place on record the Board's appreciation to all the pensions officers involved in producing such a good set of accounts.

131. ACCESS ASSET POOLING UPDATE

The Board considered an update on asset pooling.

Attention was drawn to paragraph 3.3 detailing the report considered by the ACCESS Joint Committee following correspondence from UNISON and pressure from Local Pension Boards on Scheme member representation, which had sought to have greater access to Joint Committee meetings, including staying for the confidential part of the meeting. The report conclusion guided by the Section 151 officers was that existing Authority representation on the AJC (via Elected Members) was still appropriate and that scheme member and employer involvement in Authorities' discharging their fiduciary duty

(including asset pooling) was a matter for each Authority to determine locally. Their recommendation being that no change should be made to the current arrangements. Following a vote on the above recommendation was agreed.

Barry O'Sullivan highlighted that there had been Unison representation at the meeting and that the vote was not as clear cut as was being suggested in the report summary, with some Pension Fund Committee chairman voting for the alternative. He also highlighted that in a discussion at the Local Government Conference the suggestion was that the direction of travel was towards scheme representation on pooled scheme boards. John Stokes stated that five out of eight pooled arrangements now included Scheme Member representation on their joint boards.

In discussion on this issue, the Board were still unanimous of their support for scheme member representation and felt aggrieved that they were being treated differently from other pooling arrangements and asking that further petitioning should be made on their behalf. The Head of Pensions supported the view for 1-2 observers from member representatives, but as the Joint Committee had voted on the recommendation of section 151 officers, it was very unlikely that it would change its mind in the short term and suggested there would need to be some change in the guidance to be able to raise it again. The officers suggested that when the ACCESS Joint Committee became in the small minority in not including member representatives, this would be the best time to re-open the issue.

The Investment Manager highlighted the benefits of future requests from Unison considering partnerships with other union bodies, such as GMB and how the observer representatives would engage and communicate with the wider membership and other participating partner scheme bodies.

In further discussion another anomaly highlighted was that while the Chairman could attend the confidential part of the Joint Committee meeting as an elected Councillor, if David Brooks the Vice Chairman became the Board Chairman, as a scheme member representative, he would not have the same right of attendance. The view was also expressed that by the time the Board saw the minutes, events had moved on and the summary provided in the report of the confidential section of the meeting was not sufficient. The current report did not include the full confidential minutes.

There was a request for the Board to be sent all future ACCESS Joint Committee meeting dates. Action Investment Manager / Democratic Services

P Tysoe to provide dates to R Sanderson to send out.

On the layout of the Access Joint Committee agenda and minutes it was highlighted that it appeared that there was no place or details of apologies / not present which was standard practice for minutes. Officers were asked to raise this as an issue. **Action: Investment Manager**

P Tysoe

It was resolved to:

- a) Note the asset pooling update;

- b) Note the minutes from the ACCESS Joint Committee meeting held on 21st June 2019.

132. REVIEW OF BOARD SIZE

At the May Board meeting, it was suggested that officers needed to consider future succession arrangements as early as possible, as there could not be an expectation that the three current Scheme Members would wish to serve for a further four year term after 2023. At the July meeting, it was noted that maintaining the level of expertise on Local Pension Boards had also been raised as an issue at a recent pensions conference with discussion regarding appointing "Ghost" members / substitute members. In the requested review, officers were also asked to give consideration of whether it was possible to appoint by thirds, in the same way as district councils and whether the Board should be increased in size.

In response, the Board now received a review report from Democratic Services. This highlighted that:

- when the original recruitment exercise was undertaken in 2015 it had only attracted limited interest which was why Democratic Services had been very grateful that the three Service representatives had agreed to serve for another four years.
- While the size of the Board could be increased, the quorum requirements would also increase (one third of membership) as government guidance required any increase of Scheme representatives to be matched by an equal number of Employer representatives. Democratic Services were not confident that there would be sufficient interest to justify an increase in the Board at the current time, with it being highlighted that the advertising campaign to recruit the third non county councillor employer representative had only yielded one response.
- Whilst it would be possible to carry out a rolling programme of appointments, as all three Scheme Member representatives have been re-appointed to 2023, it was not seen as appropriate to ask any of them to step down early. The priority had to be to maintain the level of expertise currently available to the Board.
- Regarding ghost members appointments / substitute members, from past experience, interest was likely to be very limited, especially if the people recruited were not able to start almost immediately.

As a way forward, Officers proposed to ask the current members a year before their term of office came to an end to indicate if they would wish to continue. Based on this, an advance recruitment exercise could be undertaken with a timescale as set out in section 3.1 of the report.

In discussion:

- A member queried the reference in the report stating that any change in the size of the Board would require reports to go through the Council's

Constitution and Ethics Committee and full Council as he believed that the Board was autonomous from the Council. It was explained that the Board like all others set up in 2015 had been set up within Councils' own constitution arrangements. For the County Council, any proposed changes to the Constitution e.g. changing the terms of reference or delegations of a Committee / body currently sitting within the Constitution, required the above approval process.

- On a point regarding that the terms of the reference and delegations being in different places in the Constitution, the Democratic Services officer confirmed this anomaly had been corrected back in July. He would be happy to send the link to the member / Board outside of the meeting. **Action**
- The point was made by the Pensions Officer that the Board currently worked very well compared to feedback he had received regarding other boards and advised caution on any proposal to increase its current size. The Chairman also did not support an increase, highlighted that the Council's current Pensions Committee was larger.
- The Board was still of the view that some form of staggered membership was required to ensure not all knowledge was lost at the same time should all members decide not to serve again when their term of office ended. To facilitate this the Vice Chairman indicated that he would resign in 2021.
- On the need to look for new ways to recruit and publicise the positive work of the Board, the suggestion was made that at the appropriate time officers could interview Members of the Board for articles for the monthly employer newsletter and Metro newsletter, as well as in the communications email sent to all members notifying them that their annual statement was available. **Future Action**

RVS

**Cory Blose
/ Jo
Walton /
Democra-
tic
Services**

It was resolved:

- a) Not to recommend increasing the size of the Board.
- b) For officers to investigate further the appointments of scheme member representatives by thirds.
- c) To undertake more effective promotion of the value of the work undertaken by the Board through appropriate Employer and Employee communications channels.

133. AGENDA PLAN

The Agenda Plan was noted with the updates agreed at the meeting.

In respect of terms of reference due to come forward to the January meeting, there was a request that the Board should see an early draft on suggested changes to enable them to comment and suggest any additional changes in advance of its publication. Action

**Jo Walton
/ Michelle
Oakensen**

Appendix to Minute 122 - Valuation of the Pension Fund

Employer Pooling

As discussed at the previous Board meeting, a consultation was conducted with two groups of employers who are pooled within either the Small Admitted Bodies pool or the Designating Bodies pool and responses collected from the employers.

There was a 40% response rate for the Designating bodies pool with 43% wishing for the pool to continue in its current form. 33% gave no preference and 24% supported disbanding the pool. As a result of this consultation, the Pension Fund Committee will be asked to approve a recommendation that the pool continue in its current form.

There are only 5 bodies in the small admitted bodies pool that will be continuing long term. Of these, only 3 responded. 1 respondent felt strongly that the pool should be disbanded with the other 2 respondents were less committal with one leaning towards disbanding the pool and another to continuing the pool.

As there is no consensus for either option, officers will be recommending to Committee that the pool be disbanded. This is because the remaining employers are not similar enough across various assessed attributes to support continued pooling. Each also has varied underlying funding position which will only continue to move farther apart if the pool continues.

On the secondary question over how the pool should be disbanded:

- a. With an equalised funding position for all
- b. With each employer leaving the pool with their own underlying funding position

There was no consensus either way. Based on their being no consensus for cross subsidisation upon disbanding the pool, officer will be recommending that each body retain its underlying funding position.

Review of Funding Strategy Statement

The Funding strategy statement is the policy document which details how each type of employer will be treated during the valuation and how their contribution rate will be calculated. This is reviewed and updated at each Fund valuation.

The document has been updated with recent regulatory changes and other minor changes to improve readability of the policy. There have also been updates to reflect proposed changes to:

- the methodology for assessing the contribution rates of long term Council employers
- employer pooling

- the pooling of ill health risk
- treatment of deficits and surpluses for exiting employers
- pass through admission arrangements
- cash flow attribution using unitisation through Hymans Employer Asset Tracker (HEAT)

The committee will be asked to approve the draft for consultation with employers, at its October meeting.

Valuation activities

All member and cash flow data has now been provided to the actuary and initial whole Fund valuation completed, the results of which will be presented to Committee in October. The actuary is now working on draft employer contributions based on the draft Funding Strategy Statement.

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