

Local Pension Fund Board Minutes

Date: Friday 4 November 2022

Time: 10:00am – 12:10pm.

Venue: New Shire Hall, Alconbury

Present: Employer Representatives: Parish Councillor Denis Payne [Chair]; and
County Councillor Philippa Slatter.

Employee Representatives: Martin Dachs, Val Limb and Barry O’Sullivan
[Vice-Chair]

60. Election of the Chair and Vice-Chair.

It was proposed by Councillor Philippa Slatter, seconded by Barry O’Sullivan and resolved unanimously to re-elect Councillor Denis Payne as the Chair of the Local Pension Fund Board for the municipal year 2022-23.

It was proposed by the Chair, seconded by Val Limb and resolved unanimously to re-elect Barry O’Sullivan as the Vice-Chair of the Local Pension Fund Board for the municipal year 2022-23.

61. Apologies for Absence and Declarations of Interest

Apologies were received from Councillor Simon King.

No declarations of interest were received.

62. Local Pension Fund Board Minutes – 1 July 2022 and Action Log

The minutes of the meeting held on 1 July 2022 were agreed as a correct record and signed by the Chair. The action log was noted.

63. Internal Audit Report

Over the 2021/22 financial year, Internal Audit had been moved inhouse and a new Head of Audit and Risk Management hired in August 2022. The Local Pension Fund Board received the Internal Audit Report following its receipt at the Pension Fund Committee. The auditors reported that the pension fund had substantial assurance for the control environment and satisfactory assurance for compliance. Seven recommendations resulted from the audit, two of which were now complete. Of the 2020/21 audit, two or three outstanding actions had also been implemented following the review.

In response to the report, members:

- Approved of the audit scope.
- Noted that the Internal Audit Report had not been completed in the name of the current Head of Audit and Risk Management due to their employment occurring part way through the audit process.
- Expressed concern that the due date for certain recommendations had passed. The Internal Audit officer explained that some of those recommendations had been completed and that others were being monitored and reported on annually. Completion of the validation checks action had been postponed to 30 November 2022. This had been caused by a systems and project manager staff vacancy - which had now been filled - and some cases not being followed through - which were undergoing recategorisation. Therefore, the action was now on track to meet the new completion date.
- Annual returns of employer contributions had been addressed but was contained in the report for information purposes.
- The new dependents checking action was complete. This had been caused by a lack of an explicit checking limit for death grants, which had now been set.
- Agreed to a separate meeting with Local Pension Fund Board Members, Internal Audit and, potentially, the Head of Risk and Audit Management to discuss additional questions. **Action.**

It was resolved to note the work of Internal Audit.

64. Administration Report

The Pension Fund Board received a report which demonstrated the Pension Fund's consistently good administration performance for the period June to September 2022. The report noted: payment of over 99% of employee and employer contributions and schedules, no material breaches, no significant overpayments, two informally managed complaints, a member rating of 3.95/5.00 - 4.33/5.00, the net increase of four employer bodies, and two immaterial breaches of the law.

In response to the report, members:

- Congratulated the Pension Fund on the absence of material breaches.
- Clarified that refunds paid outside of the statutory deadline were paid outside of the prescribed timescale, often because contact with the member was lost and therefore timely payment could not be made. This breach could be circumnavigated by moving their fund to a separate account and commencing payment from that separate fund at a later date. However, this practice was uncommon and it was expected that this legislation would be removed in future.
- Noted that the employer listed in EXEMPT Appendix 3, bottom row of table 1, had now paid.

It was resolved to note the report.

65. Governance and Compliance Report

The Local Pension Fund Board received a report which provided information on: the Scheme Advisory Board Annual Report; Pensions Dashboard Regulations; continuation of the 2013 Academy Guarantee; key proposals following the Taskforce on Climate Related Financial Disclosures (TCFD) consultation (consultation on this to close 24 November 2022); and skills and knowledge opportunities.

The Pension Dashboard Regulations had been laid before parliament and would be reviewed by the House of Lords on 15 November 2022, with a continued anticipated staging date of 30 September of 2024. The Pension Fund's draft plan for this project was undergoing final review.

With regard to training, Pension Regulator Code of Practice training would be delayed pending further clarifications on the code. The Conflicts of Interest training was promoted due to the revised policy being delivered to the Pension Fund Committee in December for approval. In future, it was anticipated that permanent, online training for core modules as well as the bespoke training would be provided, the platform would allow member flexibility and would be regularly updated.

In response to the report, members:

- Requested the invitation to training on Conflicts of Interest be resent to the Chair. Action.
- Requested the link on Section 2.1.5 was reviewed. Action.
- Noted that scenario analysis for the Climate Action Plan would typically be performed by an investment consultant or a specialist. In this circumstance it had been performed by Mercer.
- Challenged the fund on their ability to choose their own targets for the Climate Action Plan. The Head of the Pension Fund responded that the 2045-2050 target mimicked the ambitions of other pension funds and would be narrowed down when methodologies were more consistent.

It was resolved to note the report.

66. Business Plan Update

The board received an update to the Business Plan. A RAG rating had been implemented and amber rated projects included delays to the Pension Regulator Code of Practice and response to the Scheme Advisory Board's good governance recommendations. The Website Communications Review was expected to meet deadlines but had also faced delays due to delayed commencement. The unprocessed leaver backlog was mitigated by an increase of staff to the Business as Usual Team, a review of employer data and validations, and expanded bulk processing capabilities.

This trial was achieving an 80% success rate and would be reviewed in the 2022/23 internal audit review.

Finance variances existed in investment returns and management expenses, including an impact from greater pay awards than anticipated. Immaterial centralised costs were also anticipated but were not yet visible in accounting.

In response to the report, members:

- Noted that it was hoped the Private Equity Review would synchronise with the non-listed assets programme within the asset pool, under which private equity was not currently available. Meanwhile, the strategic asset allocation post-valuation process was also under review.
- Clarified that the website prototype was under development and user feedback from well attended engagement sessions would influence its progression prior to implementation in 2023. Five AI user personalities had been developed to represent different types of website user.
- Requested the Pension Journey Training presentation. Action.
- Recognised that the LGPS Framework would guide procurement. The Committee noted the Council's procurement process and that more specialised and intensive workstreams generally received fewer bids.
- Heard that Hampshire County Council was currently the lead procurement for the ACCESS Asset Pool; Essex County Council was host authority for the ACCESS Asset Pool; the decision for Cambridgeshire County Council not to lead had been made in consultation with the Section 151 officer.
- Expressed concern for older pensioners and widows who may inherit a pension without foreknowledge of pensions and therefore be vulnerable to scams. Mitigations to this included anti-fraud information in the Pension Fund newsletter and increased accessibility to information through letter correspondence or braille.

It was resolved to note the Business Plan Update.

67. Annual Report

The Board received the Annual Report of the Local Pension Fund Board prior to its review at Full Council. The report listed the activities of the Local Pension Fund Board 2021/22.

It was agreed to redact Val Limb's attendance at the PLSA local conference on 18/05/2020. Action.

It was resolved to note the report.

68. Agenda Plan

The agenda plan was noted, pending changes to the minutes dated for the meeting scheduled 28 April 2023. Action.

69. Exclusion of Press and Public

It was resolved that the press and public be excluded from the meeting on the grounds that the agenda contained exempt information under Paragraphs 1 & 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 any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information).

70. Valuation Update

It was resolved to note the Valuation Update.

71. Risk Register

It was resolved to review the Cambridgeshire Pension Fund Risk Register.

72. Cyber Resilience Update

It was resolved to note the progress made against the Cyber Resilience Action Plan (Appendix 1).

73. Responsible Investment - Climate Action Plan

It was resolved to note the report.

74. ACCESS Update

It was resolved to note the update.

Chair