

Cambridgeshire Local Pension Fund Board: Minutes

Date: Monday 22nd February 2021

Time: 10:00 a.m to 11:47 am

Present: Employer Representatives – County Councillors Simon King (Chairman), Elisa Meschini, and Parish Councillor Dennis Payne

Scheme Member Representatives – Val Limb, Barry O’Sullivan (Vice Chairman) and John Stokes

Officers in attendance – Cory Blose (Employer Services and Systems Manager), Rhiannon Leighton (Democratic Services Assistant), Michelle Oakensen (Governance Officer), Daniel Snowdon (Democratic Services Officer), Paul Tysoe (Investment Manager) Jo Walton (Governance and Regulations Manager), Mark Whitby (Head of Pensions).

The Chairman informed the Board that this was John Stokes final meeting and that, following Mr Stokes resignation, Martin Dachs had been accepted onto the Board. Val Limb was also welcomed as a new member.

Board members commented on the benefit of determining substitute Members during recruitment.

176. Apologies for Absence and Declarations of Interest

There were no apologies for absence or declarations of interest.

177. Local Pension Fund Board Minutes - 6th November 2020

The minutes from the meeting of the Local Pension Fund Board on the 6th November 2020 were approved pending the corrected spelling of Cllr Payne’s forename, and the capitalisation of Dawn Cave’s surname in item 175.

178. Action Log

Members noted the Action Log.

179. Minutes of the Pension Fund Committee - 8th December 2020

The public and confidential minutes of the Pension Fund Committee were noted.

180. Forward Agenda Plan

The Forward Agenda Plan was noted. The next meeting of the Local Pension Fund Board will occur on the 23rd April 2021.

181. Re-Appointment of Employer Representative to the Board

The Board received a report addressing the need for the appointment of an employer representative to the Board. The current term of office expired in February.

Members paid tribute to Councillor Payne's contribution to the Cambridgeshire Pension Fund Board thus far, expressing pleasure that he would continue.

It was resolved unanimously to:

- a) Appoint Councillor Denis Payne for a further four-year term as an employer representative on the Pension Fund Board.
- b) Look to undertake an exercise in July 2021 to seek an employer representative substitute.

182. Pension Fund Annual Business Plan Update Report

The Board received a report detailing the Business Plan Update for Period 1, October 2020 to 31 January 2021. The reporting officer highlighted key points in the report.

- Section 3.1.2, Cyber-crimes, Cyber-resilience Activity: The officer informed Members that Cambridgeshire Pension Fund had successfully undertaken an AON scorecard assessment. The officer reported that an action plan will be developed using feedback from the AON assessment and in consultation with Aon's cyber team. The plan would be completed by the end of the current scheme year and include the targeting of specific areas including the movement of information. The reporting officer concluded that the Cambridgeshire Pension Fund was level with local authority funds, but that the action plan would allow it to excel.
- Section 3.4.1, Unprocessed Leavers: It was explained that the number of unprocessed leavers outstanding had remained static, and was expected to remain so, as a result of various factors including the pandemic. Going forward officers were going to classify backlog unprocessed leavers as those more than six months since notification. However, Members were also encouraged to note that a baseline of 3000-4000 unprocessed

leavers was typical. This was caused by seasonal data influxes and waiting on clarifications from scheme employers.

Officers also highlighted that they had most employers onto monthly processing through i-connect. This increased activity.

- Section 3.5.4, The Responsible Investment Strategy: The officer stated that the latest draft of the strategy would be presented to the Pension Fund Committee in March, following approval from the Pension Fund Investment Sub-Committee. The officer explained that the strategy aligned with feedback received from the Pension Fund Committee and the Local Pension Fund Board with regards to responsible investment beliefs and included progressing financial related climate disclosures and the signing up to the stewardship code.
- Section 3.1.1, Business Continuity Plan [BCP]: In October 2020, Aquila Heywood undertook penetration testing of the BCP for the connectivity, functionality, and business as usual activities (BAU) of the service. Officers were pleased to announce this had been successful, however, a full report would only be offered by Heywood as part of the Disaster Recovery Test which would occur in May 2021.

In response to Members' questions, officers stated that:

- They had increased BAU resources and that they are expecting to propose further increases in April 2021, pending an evaluation of the resources required to fund McCloud and reduce the backlog of unprocessed leavers.
- With regard to Section 3.3.3 of the report, Multiple Investment Strategies, investigation into the Fund was ongoing. Resources were agreed in the last paper to allow for further actuarial work with Hymans Robertson which would evaluate the impact of strategies on employers.
- With regard to the Responsible Investment Policy, a questionnaire to establish responsible investment beliefs was provided and agreed by the Pension Committee and the Local Pension Fund Board. The RI Policy would be issued for consultation to all stake holders and pressure groups.
- With regard to section 3.2.1 of the report, enough time had been granted to complete the guaranteed minimum pension rectification as efforts would be concentrated.
- GC4 was missing from the paper due to error in publication. Officers explained that the software provider was going to be used for data scoring, having previously used ITM (an external company). In future, it was expected that this would become internal administration function.

It was resolved to note the Business Plan Update to 31 January 2021.

The Board received a report demonstrating several key areas of administration performance for consideration. The reporting officer brought members attention to various sections of the report.

Section 2, Key Performance Indicators [KPIs]: It was noted that the single red KPI rating reported between 1st October 2020 and 31st January 2021 had recovered. The cause of this rating was explained in the report.

Section 3, Receipt of Employee and Employer Contributions: The officer was pleased to inform members that all employee and employer contributions had been paid in on time in October and November.

Section 5, Internal Dispute Resolution Procedure: The officer established that across LGPS schemes, there was an increase of applications for compensation or reinstatement of benefits following a transfer out of the Fund. This occurred when schemes that individuals had transferred into had failed to meet expectations or could be viewed as a scam. The officer reported of one related case in the Cambridgeshire Pension Fund, which could be viewed in section 5.2 of the report. The case had been investigated for over a year and legal advice had been sought. The reporting officer expected a full response would be delivered by 5th March 2021.

In response to Members' questions, officers clarified that, while the RAG indicator had been red in October, this was no longer the case. The October rating had been caused by an incorrect prioritisation of cases which had now been rectified. As a result, ratings for January had been amber, and for November and December had been green.

It was resolved to note the Administration Performance Report.

184. Governance and Compliance Report

The Board received a report informing Members of the following: The public sector exit cap; the activities of The Pensions Regulator; future developments; and skills and knowledge opportunities.

Section 1, The Public Sector Exit Cap: Immediate attention was drawn to the impact of the revocation of the Exit Cap legislation on section 1 of the report. The officer expected the revocation will be passed as law, and that a revised version of the exit cap would be reintroduced later in the year. The Cambridgeshire Pension Fund had reacted in accordance with the changes. In Cambridgeshire no known cases were processed with benefits restricted under the £95,000 cap between 4th November 2020 and 12th February 2020. Therefore, the officer expected that no payments would need to be rectified.

Section 2, The Activities of The Pensions Regulator [TPR]: After expressing concerns over the increasing number of pension scams, TPR introduced a pledge for pension schemes to sign up to in order to reduce the possibility of scheme members being victims of a scam. The officer reported that the Cambridgeshire Pension Fund was working towards complying with the conditions of the pledge.

Section 5, Future developments: Officers emphasised that there had been recent progress with the items detailed in the 'future developments' section of the report. The TPR singular code of practice was due to be released for consultation in March 2021.

Members were provided with updates on the Good Governance Review that had occurred since the date of publication. The reporting officer stated that The Scheme Advisory Board had produced recommendations for the approval of MHCLG board which will aid the development of statutory guidance. An action plan was also produced, the actions from which would be used by the Fund to form their own action plan for items of improvement that did not require statutory guidance.

Officers announced that training strategies would also be reviewed, ensuing the publishing of the CIPFA Skills and Knowledge Framework in April 2021. The expectation was that most Members attending the training would be new as many Members of the Pension Fund Committee and Pension Fund are not standing for re-election. The training would be virtual, and the Skills and Knowledge Framework and the Good Governance Review would influence this training schedule. An updated version of Appendix 1, The List of Virtual Training Events, would be circulated to the Board. **ACTION.**

In response to Members' questions, officers:

- Established that officers and Board Members would be invited to, and encouraged to attend, training hosted both internally and externally by the Cambridgeshire Pension Fund. However, Members and officers were encouraged to seek advice before booking to attend an external training session. This was due to the vast quantity of training sessions available and to ensure the provider was reputable.
- Informed that the 18 months of internal training sessions would be run for Cambridgeshire and Northamptonshire Pension Fund by AON. These sessions would be recorded, but Officers hoped to make the training mandatory also.
- Agreed to check and confirm training dates, with attention drawn to the PLSA training event. **ACTION.**

Members commented that:

- Members required invitations to training sessions, whether or not their details were given to third parties. Special attention was drawn to the training of Val Limb and Martin Dachs (both new to the Board).
- Expressed caution around distributing Members contacts to third parties to ensure offers to external training as a result of the potential for scams.

It was resolved to note the content of the report.

185. Risk Monitoring Report

The Board received a report detailing the risks facing the Fund to date. The presenting officer highlighted sections 2.3 and 2.5 which updated the risk register in response to increasing cyber-security and pension scams.

The Board noted that section 3, Short-Term and Medium Risks, still registered the exit cap despite its revocation. This would remain as it is expected that a reformed version of the exit cap would be reintroduced.

In response to Member's questions, officers:

- Agreed to a separate meeting between Officer Jo Walton and Val Limb to discuss the contents of the risk register. **ACTION.**
- Explained that it was the role of the Local Pensions Board to aid with the review of RAG ratings on the risk register, and that it was been reviewed by officers prior to the meeting.

In discussion, Members' suggested identifying the use of laptops and personal Wi-Fi as a potential risk in section 2.5, Risk 13 of the report - 'Pension Fund Systems'. Officers agreed to expand upon that in the revision of the report. **ACTION.**

The Board resolved to review the current risks facing the Fund.

186. Administration Strategy Review

The Board received an amended report for the Administration Strategy from the Pension Fund Committee for post-scrutiny review. The presenting officer highlighted significant updates made to the paper including: The Pension Fund's objectives; and changing the performance indicators and charges levied to employees to reflect the monthly – formerly annual - data collection period.

In response to Members' questions, officers:

- With the approval of the Chairman, agreed to arrange a separate meeting between Cory Blose and Val Limb to further discuss the Administration Strategy. **ACTION.**

The Board resolved to review the administration strategy received from the Pension Fund Committee for post-scrutiny.

187. Exclusion of the Public and the Press

It was resolved that the press and public be excluded from the next item on the grounds that it contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended. It was resolved that it was not in the public interest for the information to be disclosed as it contained information relating to the financial or business

affairs of any particular person (including the authority holding that information).

Chairman
February 2021