Pension Fund Committee: Minutes – Public

Date: 22 July 2025

Time: 10.00am – 12.49pm

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors M Black, S Fisher, D Keane, D Levien, G Seeff (Chair) and A Whelan (Vice Chair); L Brennan, Councillor L Davenport Ray, H Nelson and M Pink.

Independent Adviser: S Gervaise-Jones
Investment Adviser: J Crowther, Mercer
External Auditor: A Iqbal, KPMG

16. Apologies for absence and declarations of Interest

Apologies for absence were received from Councillor C Boden. There were no declarations of interest.

17. Minutes – 18 June 2025 (public) and Minutes Action Log

The public minutes of the Pension Fund Committee meeting on 18 June 2025 were approved as an accurate record and signed by the Chair.

The minutes action log was reviewed. It was suggested that an action should be included to place as much information as possible around future pooling arrangements into the public domain. The Chair advised that it was not yet appropriate for this information to be shared publicly. It was noted that the Monitoring Officer reviewed all committee reports prior to publication and that considering whether they met the test to be exempt from publication was part of that process.

18. Petitions and Public Questions

There were no petitions or public questions.

19. Pension Fund Statement of Accounts 2024/25

The committee's attention was drawn to the decrease in pension contributions during 2024/25. This was due to some employers having pre-paid in earlier years and exit credits paid to several existing employers during 2024/25. Benefits had increased within projections and

cashflow of around £5m was reported, but some additional funding was required to cover an increase in management expenses as a result of transition costs. Part of the strategy to address this was to bring in more assets to generate more income. Transfers into the Fund were treated as business as usual. Investment returns of around £132m excluding management expenses were reported and this was considered positive in the current macro-economic and geopolitical climate. The net asset statement was in line with expectations and there were no areas of concern. The accounts were produced in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and officers believed them to be free of material misstatements. It was noted that there might be an adjustment to Level 3 investments in the final accounts.

The Chair noted that any material misstatements would be included in the external auditor's report, but that all Level 3 figures would be correct in the final accounts whether any changes were material or not.

Individual members raised the following issues:

- asked whether the anticipated £4m transition costs related solely to 2024/25 or whether there would be any on-going costs. The committee learned that work would start on the next strategic asset allocation review and the pooling transition once the triennial fund valuation was completed. It was hoped that there would be less transitions to strategic asset allocations during the current financial year.

- asked what income was being taxed. Officers advised that the tax reclaim figure could reduce between the draft to final accounts as claims in other countries could be quite lengthy and complex to process.

  The Chair commented that it would be interesting to know outside of the meeting the value of the global equities held directly and indirectly, how much tax was paid on these and how much could be reclaimed – **action required**.

- sought clarification around secondary contributions. Officers advised that if required a secondary contribution rate was calculated to target a fully funded position within an employer's set time horizon. The overall position on employer contributions remained in line with expectations.

The draft Statement of Accounts of the Pension Fund for the 2024/25 financial year was noted.

20. KPMG Audit Plan for Cambridgeshire Pension Fund 2024/25

With the consent of the meeting the Chair varied the order of business from the published agenda to discuss the KPMG audit plan for the Cambridgeshire Pension Find 2024/25 after the report on the Pension Fund's statement of accounts for 2024/25.

The committee was reminded that KPMG had been appointed as external auditor by Public Sector Audit Appointments (PSAA) and that 2024/25 represented the second year of their five year contract. There had been no significant changes to materiality levels from the previous year and the audit timelines had been planned with management whom the auditor had found to be very helpful. The deadline for the completion of the audit was 27 February 2026. It was hoped that a significant amount of the work would be completed by September 2025, but reporting would be aligned with the council's accounts. Areas of significant risk included management override of controls, the valuation of the Cambridge and Counties Bank and pension fund investments. Specialist teams would be used to support work around these. Any material differences identified during the audit process would be discussed with management. KPMG had found management to be very helpful during the 2023/24 in making any necessary Level 3 adjustments.

Individual members raised the following issues:

- learned that KPMG engaged with the council's internal audit team and reviewed their reports, but did not rely directly on their work.

- received confirmation that the work done so far by KPMG in relation to the Cambridge and Counties Bank had not revealed anything unexpected or any cause for alarm. The audit process was continuing with information being requested from third parties and the committee would be kept updated.

- learned that there had been no significant changes to the KPMG team for the 2024/25 audit. The fee had been agreed with PSAA and charges for any additional work would be submitted to PSAA for scrutiny. The committee would be updated on the cost of seven additional letters in a future report.

The committee noted the KPMG audit plan for 2024/25.

21. Business Plan Activity Update

The Chair confirmed that no members wished to discuss the exempt appendix to the report.

The report provided an update on the continuing implementation of the McCloud remedy, including a proposal to extend the McCloud implementation phase by twelve months for certain qualifying members. It described the arrangements to carry out manual corrections where necessary and highlighted the sensitivity of those cases where a qualifying pension recipient had passed away and work was taking place to rectify survivor benefits. Activity to build a Financial Conduct Authority (FCA) approved entity had re-directed following Government's rejection of this proposal to work around joining an alternative asset pool.

Human resources remained stretched across the local government pension sector and an offer had been received from Hymans Robertson to process a thousand undecided leaver records to help reduce the backlog on a unit cost basis. The cost was competitive and the work could

be undertaken by amending an existing contract as the sum involved was small. Individual members raised the following issues in relation to this proposal:

- commented that they were not entirely happy to outsource routine work as they found this often led to additional cost. The Head of Pensions advised that the Government's Fit for the Future programme was putting pressure on capacity and that this would continue into next year. To employ additional people and train them would take months and would place additional demands on team leaders to quality check their work. Using an external provider passed this risk to the supplier and would put the pension fund in a better position for the pensions dashboard as more records would be up to date.

- queried why Hymans Robertson had only been asked to process around 25% of the backlog of undecided leaver records. The Head of Pensions explained that Hymans Robertson's capacity was dictating the amount of records processed. To process the whole backlog would require a tender exercise because of the cost involved.

The Chair advised that he had received assurances that Hymans Robertson had suitably skilled staff available to carry out the proposed work and that they were insured to do it. He was satisfied that it was appropriate to use additional external capacity in this case.

It was resolved unanimously to:

a) note the proposed determination decision to extend the McCloud implementation phase by 12 months for certain qualifying members set out in paragraphs 3.12 to 3.13.

b) approve the substitute business plan activities set out in paragraphs 3.17 to 3.21.

c) approve the utilisation of Hymans Robertson to support the clearance of 1,000 unprocessed leaver cases as set out in paragraphs 3.22 to 3.25.

22. Pension Fund Committee and Investment Sub-Committee Agenda Plan

The Pension Fund Committee and Investment Sub-Committee's agenda plans were noted.

23. Member Engagement Survey

The member engagement survey report was classed as exempt from publication when the meeting agenda was published, but following review the report was published on the meeting webpage on 16 July 2025.

The committee learned the survey would be shared with active and deferred pension scheme members via a digital link. This link would also be available on the pensions website and employers would be encouraged to promote the survey. The response rate to previous surveys was around 7-9% and it was hoped to achieve 10% this time. The final version would be reviewed to ensure that technical terms were avoided or explained and that the text did not

require specialist pensions knowledge. It was hoped to issue the survey before the end of the year.

Individual members raised the following issues:

- suggested including a preamble providing some background about the pension fund's use of investments.

- observed that Section B seemed to require a binary choice between responsible investment and best returns rather than offering a more nuanced option.

- suggested the inclusion of a 'don't know' option to make some questions less off-putting

- suggested that more than five responses to question D3 would allow a more nuanced response.

- asked that those scheme members who had opted out of electronic communication should be sent a paper copy of the survey.

- expressed disappointment at the low response rate to previous member surveys. The Chair noted that the findings were for advisory purposes only and that it was worthwhile seeking members' views even if response rates were quite low.

Summing-up, the Chair asked that the survey should be modified to reflect the committee's feedback and that it should be promoted as widely as possible. There was no need for a further draft to be brought back to the committee – **action required**.

It was resolved unanimously to:

a) review the Member Engagement Survey.

b) approve the content of the Member Engagement Survey for circulation.

24. Exclusion of Press and Public

It was resolved unanimously that the press and public be excluded from the meeting on the grounds that the following items contained exempt information under Paragraphs 1 and 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).

25. Minutes – 18 June 2025 (Exempt)

The exempt minutes of the meeting on 18 June 2025 were approved as an accurate record and signed by the Chair. The minutes action log was discussed.

26. Annual Investment Review (Exempt)

The committee noted an exempt report and presentation by the pension fund's investment adviser Mercer on the annual investment review.

27. Annual Investment Consultancy Provider Review (Exempt)

The committee considered an exempt annual investment consultancy provider review report by the officers and an exempt self-assessment presentation by Mercer.

The Mercer representative left the meeting room for the committee discussion and vote on this report.

The committee:

a) noted the exempt presentation from Mercer – Annual Investment Consultancy Provider Review.

b) noted the Independent Advisor and Officer feedback contained in the exempt annual investment consultancy provider review report.

c) noted recommendation c).

28. Local Government Pension Scheme Asset Pooling – Fit for the Future (Exempt)

The committee received an update from the Head of Pensions on the Government's Fit for the Future programme and the implications of this on local government pension scheme asset pooling.

The committee resolved unanimously to:

a) note recommendation a).

b) approve in principle recommendation b).

c) approve recommendation c).

d) note recommendation d).

29. Investment Advisor Contract (Exempt)

Mr Gervaise-Jones, the independent investment advisor, left the meeting room for the duration of this item and the vote.

It was resolved unanimously to:

a) consider the performance of the Independent Advisor.

b) approve recommendation b).

[Chair]