

Public minutes of the Pension Fund Committee

Date: 6th June 2024

Time: 10:00am – 12.02pm

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors H Batchelor, M Black (Vice Chair), A Costello, A Whelan (Chair), A Wood (substituting for Cllr McDonald); Fenland District Councillor Chris Boden and Huntingdonshire District Councillor Lara Davenport-Ray; Liz Brennan and Howard Nelson; Matthew Pink (attending virtually)

Officers: M Bratec, C Blose, D Cave, M Oakensen and M Whitby;

188. Notification of appointment of Chair and Vice Chair

The Annual Council meeting held on 21st May agreed to appoint Councillor Whelan as the Chair and Councillor Black as the Vice Chair for the Municipal Year 2024-25.

189. Apologies for absence and declarations of Interest

Apologies were received from Councillor Sharp, Councillor McDonald (Councillor Wood substituting), Sarah Heywood and Michael Hudson.

Councillor Costello declared an interest as a Member of Ramsey Town Council.

Councillor Batchelor declared an interest as his father was in receipt of a County Council pension.

Liz Brennan declared an interest as an active scheme member.

Matthew Pink Declared an interest as both he and his wife are active scheme members.

190. Public minutes of the Pension Fund Committee meeting held 28th March 2024 and Action Log

The public minutes of the Pension Fund Committee meeting held on 28th March 2024 were approved as a correct record.

The Action Log was noted.

191. Petitions and Public Questions

There were no petitions or public questions.

192. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance for the period 1st February to 31st March 2024.

There were two Red and two Amber Key Performance Indicators (KPIs) for this period. The Estimates KPI was Red, with the focus on critical KPIs, e.g. continuity of payments. The main issue for the team was that sickness levels had been higher than anticipated, which was being addressed through the appropriate absence management procedures. There would continue to be a period of instability as those issues were addressed. The additional resource approved by Pension Fund Committee in March would help alleviate these issues, some roles were in the process of being recruited to and it was expected that the Training Officer position would be advertised in July.

The Committee had previously requested additional information on the parameters of the outliers, to provide context for the revised target for awarding retirement benefits from active employment from five to ten working days. It was noted that for the six months from 01/10/23 to 31/03/24, there were a total of 35 outliers, ranging from 2 days to 43 days. The performance for the two months since that period had improved. There were a number of actions in place and further progress was expected.

The date for the Stage 1 dispute (Internal Dispute Resolution Programme) decision had passed, and the deadline had recently been extended to 28th June. Officers briefly outlined the issues involved in this case.

Arising from the report:

- noting the majority of delays in informing members who leave the scheme on the benefits due resulted from delays from the employer, a Member asked whether it tended to be the same employers? Officers explained that part of the rationale behind this KPI was to have more detailed reporting on employers, identifying any systemic issues, so that more training and guidance could be provided where required. The relevant teams were now reviewing that data so patterns could be picked up going forward and communicated to employers. Employers that were persistently failing tended to be large organisations or where payroll was outsourced, i.e. there was a disconnect between the employer and payroll;
- noting that percentage within target in Appendix 2, asked if the figure (i.e. actual number) could be included in future reports. **Action required.**

It was unanimously resolved to note the Administration Performance Report.

93. Governance and Compliance Report

Members received a report on governance issues concerning the Local Government Pension Scheme (LGPS) on a national and local basis, and also details of forthcoming training events.

In March, the Secretary of State for Work and Pensions published the guidance setting out a staged timetable for connection for the Pensions Dashboard, and the requirement for all public service pension schemes to be connected by 31 October 2025. The period between October 2025 and October 2026 would be used for testing. ISP testing would commence in late 2024, and this would help inform the Secretary of State when the Dashboard would be available to the public. The Pensions Regulator was very clear that not having regard to the guidance constitutes a breach of law, so records of decision logs, etc, must be carefully maintained. There would be some flexibility in specific circumstances e.g. change of payroll provider.

The Project Plan had been completely refreshed in line with government guidance. The National Audit Office (NAO) had undertaken an investigation into delays of delivering the Pension Dashboard programme. Lack of capacity and capability were two of the main reasons for the delays, which had led to a revised connections deadline of 2026, and an estimated cost increase of 23%. It was noted that the Pensions Policy Institute had estimated that over £26 billion worth of pensions had been “lost”.

The General Code of Practice came into force in March 2024, and officers were reviewing compliance with that Code. This was a consolidation of previous Codes, but the process was quite time intensive. Regulatory compliance would be reviewed and presented to Committee in October.

All mandatory Members training was due by 24 July or within 12 months of appointment. So far, three Members had completed the whole suite of training. Last year no firm decisions had been made on the approach to refresher training, because of the introduction of the LOLA platform. A questionnaire will be issued to the Committee in July to obtain feedback.

Arising from the report:

- noting the gender pensions gap issue across the country, a Member asked if there was a particular concern with the gender pension gap in Cambridgeshire. Officers advised that this work would tie in with the current EDI work, looking at wider communications and ensuring that those communications were as diverse as possible. The issue with the gender pay gap was that the pensions element was secondary to what the employer had previously decided. The website was being redesigned so that it reflected real life situations, to make it more relevant for people at different stages of their lives. One issue was that only a certain amount of data was held on the Pensions system, as there has to be a processing need to retain data under GDPR. ;

- noting that there would be a full review of Risk Strategy, asked if this would reflect new obligations resulting from recent regulations. Officers confirmed that following a high level review of the Risk Strategy at officer level, it was clear that the Risk Register had evolved more quickly than the Risk Strategy, so these two documents needed to be aligned. The Strategy would be reviewed in discussion with the Fund's governance advisors;
- A Member asked how residents with "no fixed abode" could be verified. Officers explained how this had been flagged up as an issue following a specific case, and they were exploring ways this could be addressed.

It was unanimously resolved to:

1. note the Governance and Compliance Report;
2. note the immaterial amendments and updates to policies and strategies (sections 3.29-3.31).

194. Employer Admissions and Cessations Report

Members received a report on the admission of three admitted bodies and the cessation of ten bodies. It was noted that there was no discretion over admitting these bodies, and there was no exit payment or credit associated with the cessation. The report also provided an update on previous cessations.

The three admission bodies included one that was also a cessation. For this contractor, neither the Academy Trust nor the organisation had informed the Pensions team of staff transfers. The Regulations allow admission agreements to be backdated, and this could not be refused by the Fund. This had happened several times with contractors within the Fund, and this also occurred with other Funds, so there have been some conversations nationally about how best to address this issue.

Further information was provided on the ten cessations, four being for the same body with multiple contracts.

The Committee noted that there were three previous cases where there had been an exit credit, and a surplus had been identified. All three bodies had received a payout. All of these were the older type of admission bodies.

Noting the reason for a funding surplus, and whilst understanding the principles behind that, a Member asked what would happen if an employer decided to exit the pension scheme, when they had active or deferred members, and whether an amount would be transferred to another Fund. Officers explained that this was a choice for the scheme members, and outlined how the valuation was calculated.

Noting the examples of cessations, a Member queried one where the amount paid was less than the funding surplus, and asked if this was unusual? Officers explained the process for determining how much of the surplus was payable, and outlined the type of issues involved, multiple factors are considered when making the decision, including the value of contributions paid by the exiting employer, vs the value of assets transferred from

previous employers alongside other factors, as required by the regulations and reflected in case law. Timing of entry into the Fund could have an impact, e.g. when the market was in a negative or positive cycle, affecting the value of assets inherited upon entry to the Fund. Officers took extensive legal and actuarial advice when designing the framework for determining the value of an exit credit, and are confident this is a very robust process.

It was resolved unanimously to:

1. note the admission of the following transferee admission bodies to the Cambridgeshire Pension Fund and approve the sealing of the admission agreements:
 - Aspens Services Limited (Queen Emma Primary School & Queen Edith Primary School)
 - Taylor Shaw Limited (Ernulf Academy)
 - Kids R Us Out of School Club Limited (Meridian Trust)

2. note the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - Wimblington Parish Council
 - Clarion Housing Association Limited
 - GPC Skills Limited
 - VHS Cleaning Services Ltd x 4
 - OCS Food Co Limited (Ditchburn Place)
 - Avocet Cleaning Services (St Bede's Inter-Church School)
 - Taylor Shaw Limited (Ernulf Academy)

3. note the update on previously reported cessations relating to:
 - Sanctuary Housing Group
 - Kimbolton School
 - Cross Keys Homes

195. Pension Fund Annual Business Plan Update report 2024-25

The Committee considered an update on the Pension Fund's Business Plan activities.

Officers outlined the context of the three Amber indicators. Procurement of address and mortality screening was progressing well. This was a very low value contract each year, but the first year of the contract involved a very extensive, whole Fund search.

With regard to the procurement of the ISP supplier, enabling the Fund to connect to Pensions Dashboard system, there was a need for a variation in the contract because of the reset on Pension Dashboard programme. The complexities of this contract were outlined.

At the Committee's request, the Investment Consultant contract would be extended or reprocedured. The Investment Consultant had been reviewed through an officer assessment last year. The proposed approach was to consult the Investment Sub-Committee Members.

The risk rating for Undecided Leavers was also Amber, because of the number of conflicting projects, which impacted on the ability to deliver this. There were additional resources going into BAU (Business as Usual), but this remained a volatile area.

At the last Investment Sub-Committee meeting in May, a number of decisions had been made relating to the Climate Action Plan, which needed to be fully updated to reflect those decisions.

Arising from the report:

- with regard to the Investment Consultant contract, it was confirmed that this would be considered at the July Committee meeting;
- a Member asked about the investment consultant questionnaire which the Investment Sub-Committee would be receiving, and asked what type of questions would include. It was confirmed that this would set out objectives of investment consultant, and ask individual members for their degree of satisfaction with the service received.

(the meeting adjourned for the D-Day commemoration)

- a Member queried the processing of Undecided Leaver records, and asked what the age profile was for the backdated cases, and what the criterion would be for moving to Red on the RAG rating. Officers advised that it would become Red if it was felt that the overall objective could not be met. If there was uncertainty but it was felt that it could still be covered, it would remain Amber. There was a project team dealing with cases that were more than six months old, and the BAU team dealt with current cases. Officers were unsure what the oldest case was, but confirmed that there were some aged cases included. **Action required;**
- noting the journey towards reducing the Fund's Carbon Footprint, and that the County Council was committed to community wealth building, a Member asked how this factored in to procurement and investment decisions. In response, officers advised that in terms of levelling up investments, the Cambridgeshire Fund included a regional local equity fund that invests mainly in companies within the region. In terms of targeted metrics, there was investment in the Cambridge Building Society, enabling that institution to accelerate its lending to families in the county and region. It was noted that these matters could be discussed further at future meetings in relation to the Fund's ESG remit;
- a Member asked why target to reduce undecided leaver records for the current financial year was 1,000, but 2,500 for subsequent years? Officers confirmed that this was because the resources would not be fully available in the current financial year.

It was resolved unanimously to:

- 1) note the Business Plan update.

196. Cambridgeshire Pension Fund Administration Strategy

Members considered a report which sought approval for draft changes to the Administration Strategy.

The Administration Strategy had been completely reviewed by officers with support from the Fund's former Governance and Benefit consultants Aon, bringing it up to date with current policies and practices. The Strategy also now included sections on digital administration particularly the use of i-Connect to collect membership data and details the Fund's escalation policy. This section also reduced the deadline for the submission of i-Connect from ten working days after the end of the calendar month to seven working days to ensure the Fund can meet statutory deadlines for follow on actions. Changes to how KPIs were set out, and escalation processes, were also noted. If approved, the Strategy would be published for consultation with the Fund's employers.

A Member suggested that *target* may be inappropriate term for Member Experience Performance Standards, and a better term may be *minimum expected thresholds* or *minimum service level*. It was also suggested that the 20-day target for "Notification of employer of any issue relating to its poor performance" was a very generous time period. Officers gave further detail on this issue and the careful liaison process involved. Action required;

It was resolved unanimously to approve the draft changes to the Administration strategy for consultation with employers.

197. Cambridgeshire Pension Fund Equality, Diversity and Inclusion (EDI) approach

Members considered a report on the planned approach to Equality, Diversity and Inclusion (EDI) within the Cambridgeshire Pension Fund. The report and Plan were based on The Pension Regulator's guidance, which focussed on the governing body, but also extended to wider engagement, which was included in key actions in the Action Plan. It was important to consider if there were any reasonable adjustments, e.g. if there was a barrier to anyone sitting on the Board or Committee. The recent example of adding the Shariah Fund to the portfolio was noted. It was anticipated that the first training session on these issues would be held in July.

Arising from the report:

- in response to a Member question, it was confirmed that this would very much be an evolving document;

- the issues around the lack of data that the Fund held on members' protected characteristics were noted;
- a Member stressed the importance of simplifying the language used, as some of the jargon could be quite daunting. It was noted that the glossary in the Fund Administration Strategy would be very helpful in this regard;
- a Member raised the issues of English as a second language, and also where English was the first language, but the national average reading age was age 8. Officers confirmed that they were conscious of the language aspect, and outlined the measures taken. For English as a Second Language, translation services were always available on request for Member facing communications.

It was resolved unanimously to:

- 1) approve the proposed EDI actions located in appendix 1;
- 2) approve the changes set out in 3.20 following Pension Fund Board feedback.

198. Cambridgeshire Pension Committee Forward Agenda Plan

Members noted that the Agenda Plan would be updated to reflect business plan activities for next year.

A Member asked why the ACCESS updates were always exempt items. Officers advised that one option may be to have two reports, with the non-confidential content in public session.

It was resolved to note the Committee Agenda Plan.

199. 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 contain exempt information under Paragraph 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 the financial or business affairs of any particular person (including the authority holding that information).

200. Confidential minutes of the Committee meeting held 28th March 2024

The confidential minutes of the Pension Fund Committee held 28th March 2024 were approved as an accurate record.

201. Cambridgeshire Pension Fund Risk Monitoring

Members received a report on proposed revisions to the Risk Register.

It was resolved unanimously to review and approve the Cambridgeshire Pension Fund Risk Register

202. ACCESS Update

Members received an update on asset pooling.

It was resolved to note the report.