

Local Pension Fund Board Minutes

Date: Friday 5 November 2021

Time: 10am-12:30pm.

Venue: Virtual Meeting

Present: Employer Representatives: Councillors Simon King, Philippa Slatter
Parish Councillor Denis Payne [Chair]

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

10. Apologies for Absence and Declarations of Interest

No apologies or declarations of interest were received.

11. Local Pension Fund Board Minutes – 2 July 2021 and Action Log

The minutes of the Local Pension Fund Board were presented to the Board for comments.

Members proposed and agreed the following corrections for the minutes (additions in bold and deletions in strikethrough):

- Section 6, Risk Monitoring Report,

Suggested that in the risk register overhaul, red risks were given additional controls in order ~~that they may be~~ **to reflect that** they are amber.

~~An overhaul of the risk register~~ **The risk strategy review** was on the Pension Fund Board agenda plan.

The minutes of the meeting held on 2 July 2021 were agreed as a correct record, subject to changes, and would be signed by the Chair when the meeting was next held in person. The action log was noted. **Action.**

12. Minutes of the Cambridgeshire Pension Fund Committee 30 September 2021

The minutes of the Cambridgeshire Pension Fund Committee were noted.

13. Forward Agenda Plan

The Board received a summary of the Forward Agenda Plan.

A Member requested the Internal Audit Report become an annual standing report and be noted at the next meeting. In response, the officers agreed to invite Board members to an informal discussion regarding the Internal Audit Report. **Action.**

It was resolved unanimously to note the Forward Agenda Plan.

14. Administration Report

The Board received a report which demonstrated a number of key areas for administration performance 30 June 2021 to 30 September 2021. This included: employee and employer contributions, breaches of the law and the internal dispute resolution procedure. The officer noted that the increase of red and amber ratings were caused by factors including: a system outage, staff sickness, annual leave, and slow administration system responsiveness (problem status: resolved).

In response to Members comments, officers explained that:

- There were around 200 active employers contributing to the Pension Fund.
- Overpayments considered by the ombudsman went through a two-stage Internal Dispute Resolution process and tended to be of a higher value.
- IT performance issues were caused by slow retrieval of member documents held by the external software supplier. In future, securing appropriate pathways for information and document storage outside the corporate network would help prevent this problem affecting business continuity.
- Those with a terminal illness are prioritised for any associated request for information or benefit processing and payment.
- The frequency of pension over-payments [IDRPs] in the Cambridgeshire Fund was not systemic – Northamptonshire used the same process but had far fewer IDRPs.
- The PWC Covenant Report had been received and was being reviewed by officers. The report categorised six employers as high-risk category and six as low-risk. Discussions would occur with those of concern. Affordability of contributions was not the most common risk amongst those high-risk employers and would be addressed individually.
- The Pension Fund had received few informal complaints in addition to the IDRPs cases contained within the report. Officers agreed to provide Board members with a statistical statement on the level of service provided to Fund members. **Action.**
- 'Payment of benefits from a deferred membership status' was recently introduced as a Key Performance Indicator (KPI) and was rated red during the recent reporting period. The officer commented that, while the 90% attainment target had been deemed to be achievable when introduced but would need to be reviewed.

Targets were determined by a balance of importance and achievability.

In response to the report Members:

- Praised the service for maintaining the customer service excellence standard.
- Maintained concern over the quantity of red and amber ratings, despite the mitigating circumstances.

It was resolved to note the report.

15. Pension Fund Annual Business Update

The Board received an update on the progress made to key activities of the Pension Fund for the period up to 30 September 2021. In particular:

High value tenders Mercer and Northern Trust had been reappointed for procurement. Changes to the contract sealing process had resulted in Mercer requiring an extension, however, in future this process would be built into the procurement timeline.

Upcoming expected key activities included the finalisation/completion of: the guaranteed minimum reconciliation and rectification project; the new business continuity template; a data exchange with employers for the McCloud age discrimination remedy; the new Responsible Investment Policy [to go to the Pension Fund Committee in December 2021]. An improvement on unprocessed leaver reporting was also expected, particularly to remove non-leavers such as cases relating to payroll changes.

In response to Members comments, officers:

- With regard to the McCloud age discrimination remedy, expressed hope that the production of the amendment to benefit values would be predominantly system led.
- Stated that maintaining the Pension Administration Standard Association Accreditation would not be prioritised over more important work.
- Stated that the service was not looking to take on new business unless it benefitted members of the Fund.
- Explained that only a low number of scheme members with a deferred benefit chose to transfer money out of the scheme. This implied that they were happy with the benefits provided by the scheme.

It was resolved to note the Business Plan Update to the 30 September 2021.

16. Governance Compliance Report

The Board received a report which provided information on: the Department for Levelling Up, Housing and Communities; the delayed Pensions Regulator and New Code of Practice; and skills and knowledge opportunities provided by Aon [to be completed by Board members by 31 December 2021].

The Vice-Chair informed officers that he hoped to attend the January training in-person.

It was resolved to note the contents of the report.

17. Risk Monitoring Report

The Board received a report which provided details of the Cambridgeshire Risk Strategy and Risk Register. In future, the Register's executive summary would be changed to provide clarity, but the main body of the report and risk numbering would remain throughout reports to ensure continuity.

In response to Members comments, officers:

- Stated that officers had met with Unison to discuss providing scam awareness training for individuals more vulnerable to pension fund scams. There were also measures to make evident their own communications' legitimacy.
- Highlighted dependency on online communications as a registered risk which was also scrutinised in the Business Continuity Plan and Cyber Resilience Strategy.
- Risk 3, Climate risk: Clarified that environmental, social and governance [ESG] updates from managers within and outside the pool occurred monthly and were noted by officers and the Cambridgeshire Pension Fund Investment Sub-Committee. Further, managers were invited to speak to the fortnightly Pool Investor User Group meeting on ESG matters.
- Risk 7, Control of membership: Explained that membership of working groups could be easily monitored. The Working Group produced cross-fund research; while details of the LGA Communications Working Group and the LGPS Regulations website.
- Risk 8, Risk reward profiling: Agreed to clarify that 'members ... encouraged to participate' was a reference to Board, rather than scheme members. **Action.**
- Risk 12, Lack of understanding of employer responsibilities: Explained that employers were supported to understand their responsibilities by a team which provided employer responsibility training, employer forums and specialist help. Recently officers had updated their Employer Issues Log and introduced a new escalation process to mitigate this risk.
- Risk 18, Information provision to the Board: Agreed to add an objective. **Action.**

In response to the report, Members:

- Showed concern regarding the effectiveness of the Business Continuity Plan as an effective control.

The officer stated that the Business Continuity Plan had been updated prior to lockdown and reviewed following the increase of remote working. In response to the

Member's concern, the officer agreed to reflect on whether it would be suitable to raise related risks prior to a Business Continuity Plan update. **Action.**

- Praised previous cyber training presented by Aon in collaboration with the City of London Police and suggested asking them to provide something which could be circulated to members. **Action.**
- Suggested correcting page 14 of the report to read 'for quality information'. **Action**

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

18. Admission Bodies, Scheme Employers and Bulk Transfer Policy

The Board received a report for post-scrutiny which detailed amendments to the Fund's Admission Bodies, Scheme Employers and Bulk Transfer Policy following legislative changes. The new regulations allowed the Fund to enter into formal, rather than informal, arrangements for repayment of deficit, to review employer contribution rates between valuations, following a material change of circumstances and to make a determination over the payment of an exit credit, to employers with a funding surplus, at the point they cease participation in the Fund.

A Member suggested amending punctuation in sections 2 and 4.3.2.

It was resolved to note the amendments to the Admissions Bodies, Scheme Employers and Bulk Transfer Policy.

19. Training Strategy

The Board received the Training Strategy, as informed by the Skills and Knowledge Framework, for scrutiny prior to submission to the Pension Fund Committee in December. It was proposed training would move towards a compulsory training matrix base and away from the credit system. This change would ensure member knowledge was broad and consistent. Core and supplementary training would be offered virtually and face to face.

In response to the report, Members requested the training schedule. **Action.**

An amendment was required in section 16.2 of the report, to reflect the move away from the credit system. **Action.**

The Board resolved unanimously to note its Training Strategy.

20. 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).

Chair