

Public minutes of the Pension Fund Committee

Date: 22nd July 2021

Time: 10:00am – 12:05pm

Venue: Bluntisham Village Hall

Present: County Councillors S Corney (substituting for J Schumann), I Gardener, E Murphy, C Rae (Vice-Chair), A Sharp, A Whelan (Chair); Peterborough City Councillor A Coles; Fenland District Councillor C Boden; Lee Phanco, Matthew Pink and John Walker

Officers: M Balazs, C Blose, D Cave, F Coates, S Heywood, S Mangan, M Oakensen, R Perry, M Whitby

Advisors: C West and S Yeandle (Mercer); S Gervaise-Jones

1. Notification of Chair and Vice-Chair

The Democratic Services Officer advised the Committee that at the full Council meeting on 18th May, Councillor Alison Whelan had been appointed as Chair, and Councillor Catherine Rae as Vice Chair.

2. Apologies for absence and declarations of Interest

Apologies were presented on behalf of Cllr J Schumann – Cllr S Corney substituting.

John Walker later in the meeting declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his son and daughter-in-law were deferred Members of the LGPS.

Councillor Sharp declared an interest as a Governor of Burrough Green Primary School and Bottisham Village College.

Councillor Boden declared an interest as a member of the Audit Registration Committee of the Institute of Chartered Accountants of England and Wales (ICAEW), but advised that he managed that potential conflict by having no part in the appointment of the Council or Pension Fund's external auditors, and would therefore still participate in items relating to that audit.

Matthew Pink declared an interest as an active member of the pension scheme.

Lee Phanco declared an interest as Chairman of the Trustees of the Cambridge Sports Hall Trust.

3. Public minutes of the Pension Fund Committee meeting held 25th March 2021 and Action Log

The minutes of the Pension Fund Committee meeting held on 25th March 2021 were approved as a correct record.

The Action Log was noted.

4. Petitions and Public Questions

There were no petitions or public questions.

5. Internal Audit Report

The Committee considered a report from the Audit and Risk Manager on the findings of Internal Audit work during 2020-21.

The audit assessed the adequacy of design and implementation of controls for the administration of the pension fund. Based on the completion of fieldwork and the testing carried out, Members were pleased to note that 'Substantial' assurance had been given regarding system design, i.e. the control environment in place. The assurance level reflected the auditor's view that effective and embedded procedures were in place to support pensions and that the audit identified only minor control weaknesses in how key activity was being administered.

In terms of compliance, the assurance given was 'Good'. Overall, the review found high levels of compliance with agreed procedures although the review did identify some areas that independent checks were not always undertaken, but these were exceptional.

The audit also followed up actions agreed in the 2019/2020 review, which had all been implemented.

In terms of actions for the 2020/21 review, at year end, a validation check was undertaken to ensure all data was correct. At the time of reporting, 284 queries relating to 2019-20 had not yet been resolved. It was acknowledged that resources have been prioritised on other work which had contributed to this work not being completed. There were also two issues raised relating to Independent Checks. One related to transfers in, where no independent check was required for cases up to £10,000, which was inconsistent with procedures. In addition, there was a small number of cases where the independent check was carried out by a Pensions Officer rather than a Team Leader, as per procedure.

A Member commented that he was very satisfied with the report and had no complaint about its conclusions. However, he queried why ten were selected as the sample size

for transfers out, and similarly five for pensioner deaths. Moreover, it would be helpful in future reports to provide the total population size so that the Committee had an idea of the scale of testing. If statistical analysis was not used for sampling, it was difficult for officers to know that there was statistical assurance. Officers commented that this was a valid question regarding sampling methodologies and they would circulate a response to the Committee. **Action required.**

It was resolved unanimously to:

Note the Internal Audit work during 2020-21.

6. Introduction to the Pension Fund Annual Report and Statement of Accounts 2020-21

The Committee considered the draft Statement of Accounts of the Pension Fund for the 2020-21 financial year.

Members noted the Provisional Audit Plan for the year ending 31 March 2021, from the Council's external auditor Ernst & Young (EY). The Audit Plan set out identified audit risks and areas of auditor focus, expected materiality levels, the scope of their audit and the planned delivery of the audit process. EY are coming to the end of their audit with only a few outstanding queries with officers.

A Member was surprised to note that EY were in the middle of their audit, noting that EY had previously stated that Phase 1 audits would be completed by 5th July, and any delay at this stage may impact on the timing of audits of local authorities (Phase 5). Officers commented on the phasing and agreed to follow this up. Another Member noted that in correspondence with EY, unrelated to the Pension Fund and local authority audits, it was noted that EY were extremely resource constrained, and were currently four months behind with private sector audits. **Action required.**

The Cambridgeshire Pension Fund Annual Report and Statement of Accounts set out the scheme framework, including membership of both the Pension Fund Committee and Local Pension Board; management and financial performance, investment policy and performance. The final version would be presented to the September meeting of the Pension Fund Committee. Highlights in the accounts were noted, including:

- the significant increase in asset values, by £856.4M;
- the increase in contributions (which related to a number of employers paying deficits following the 2019 actuarial valuation);
- the increase in benefits, corresponding to the growth of the number of pensioners.

It was resolved unanimously to:

- 1) Note the Audit Plan 2020-21;
- 2) Approves the Draft Annual Report; and
- 3) Notes the Draft Statement of Accounts of the Pension Fund for the 2020-21 financial year.

7. 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. It was noted that this was a standing item, considered at every Pension Fund Committee meeting.

In February 2021, the Scheme Advisory Board had published Phase 3 of the Good Governance Review, which sought to better manage the effectiveness of LGPS governance arrangements. Recommendations included the identification of an LGPS Senior Officer, the publication of specific LGPS Conflicts of Interest, and further proposals for skills, training and key performance indicators. It had been agreed by the Scheme Advisory Board's that their good governance action plan would be submitted to the Local Government Minister for consideration.

Section 3 of the report detailed the Pensions Regulator's New Code of Practice, which attempted to consolidate the 15 existing Codes of Practice into one document. Once feedback from the consultation was included, it was expected that the new Code of Practice would come into force in November 2021, the Fund would have six months to be fully compliant.

Attention was drawn to Appendix A to the report, setting out training events. A number of in-depth training sessions to cover the CIPFA Skills and Knowledge core modules, hosted by Aon, had been scheduled over the summer. These sessions were being recorded, so that they could be watched at a later date by any Members unable to participate on the scheduled dates.

Whilst appreciating that the detailed guidance was not yet available, a Member asked if pension scheme members were aware yet of the changes taking place as a result of the Pension Schemes Act 2021, particularly in regard to transfers out. Officers commented that it was still early days, but they would come back to the Committee on this matter.

Action Required.

It was resolved unanimously to note the report.

8. Cambridgeshire Pension Fund Communication Plan

Members noted that the Committee had previously agreed a Communications Strategy in October 2020. In addition, a Communication Plan was considered by the Committee annually, in line with the Strategy. It was noted that the Employer Forum had recently moved from July to October.

Whilst acknowledging that it would vary, a Member queried the level of engagement received from scheme member surveys. Officers advised that engagement was good, but these were more like satisfaction surveys, sent out monthly to a handful of cases.

It was resolved unanimously to approve the Communications Plan

9. Employer Admissions and Cessations report

The Committee received a report on the admission of thirteen admission bodies and the cessation of six bodies.

It was noted that the relevant legislation provided for the participation of a number of different types of body in the Local Government Pension Scheme (LGPS), namely scheduled, designating and admission bodies.

Two of the admission bodies, Fusion Family and Youth Projects and Peterborough Investment Partnership, were charities, and therefore came under the discretionary category “community admission bodies”.

The other eleven admission bodies, set out in the second recommendation to the report, were transferee admission bodies, where there was no discretion to the admittance to the scheme. A number of these resulted from backdated admission agreements, due either to difficulties in getting both the scheme employer and admitted body to sign the admission agreement, or older cases that were previously closed down, but where the Scheme was asked to reopen the cases by the scheme employer.

It was confirmed that for five of the six the cessation bodies listed, any pension liabilities were retained by the County Council or the relevant Academy Trust, and no exit payment or credit was required. For one of the cessations, Spurgeons, a surplus of £385K had been identified by the Fund Actuary, and officers would now assess whether an exit credit should be paid and if so, the value of that exit payment, in line with paragraph 64 of the Regulations.

A Member noted that a number of admitted bodies were also ceasing, e.g. Centre 33. Officers explained how this related to the backdated agreements, i.e. where the contract had come to an end. For some other bodies, there were separate contracts with different start and leave dates, which had to be admitted to the Scheme separately. The scheme employer was included to differentiate in these cases, e.g. for school catering and cleaning

services, and it was acknowledged that this added another level of complexity, with some bodies being listed on the system multiple times.

It was resolved unanimously to:

1. Approve the admission of the following admitted bodies to the Cambridgeshire Pension Fund and the sealing of the admission agreement.
 - Fusion Family and Youth Projects
 - Peterborough Investment Partnership
2. Note the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
 - ABM Catering Limited x 3
 - Aramark Limited
 - Aspens Service Limited
 - Centre 33
 - City Culture Peterborough Limited
 - Compass Contract Services Limited
 - Easy Clean Contractors Limited
 - Goshen Multiservices Limited
 - Hertfordshire Catering Limited x 6
 - Industrious Site Maintenance Limited
 - Lunchtime Company Limited
3. Note the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - ABM Catering Limited
 - Centre 33
 - Easy Clean Contractor Limited
 - Edwards & Blake Limited
 - Lunchtime Company Limited
 - Spurgeons

10. 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).

11. Pension Fund Annual Business Plan Update report 2021-22

The Committee considered an update report on the Business Plan, highlighting key activities that had taken place since the last meeting.

It was resolved unanimously to:

- 1) approve the extension of the Actuarial Consultancy Services contract by twelve months (paragraph 3.3 of the report);
- 2) approve the additional activity to retender the legal services contract at the end of the contract date (paragraph 4.2 of the report);
- 3) approve the additional activity to review the Pension Regulator's revised code of practice (paragraph 4.3 of the report);
- 4) Note the Business Plan Update to 31 May 2021

12. Annual Investment Review

The Committee considered a report reviewing the performance of the Fund's Investment Managers for the year ended 31st March 2021.

It was resolved unanimously to:

- a) Note the Mercer presentation – Annual Pension Committee Review.

Chair