

Public minutes of the Pension Fund Committee

Date: 4th October 2023

Time: 10:00am – 11.12am

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors M Black (Vice Chair), A Costello, P MacDonald, A Whelan (Chair);
Liz Brennan

Officers: D Cave, M Hudson, M Oakensen and M Whitby

143. Apologies for absence and declarations of Interest

Apologies for received from Cllrs Boden and Sharp, and Lee Phanco.

144. Public minutes of the Pension Fund Committee meeting held 20th July 2023

The public minutes of the Pension Fund Committee meeting held on 20th July 2023 were approved as a correct record.

The Action Log was noted.

145. Petitions and Public Questions

There were no petitions or public questions.

146. Internal Audit Report

The Committee considered the annual internal audit report of the administration of the Pension Fund. The audit had been carried out by the West Northamptonshire Council Audit and Risk Management Service, and gave a substantial assurance opinion in respect of the control environment/system in place, and a substantial assurance opinion for compliance. Five recommendations had arisen from the 2021/22 review and these had been actioned, with the exception of an annual reconciliation which had partially been completed, but had been delayed due to resourcing issues. The Committee noted some of the improvements introduced to processes following the previous audit.

A Member observed that testing was based on single walk through test, and she asked if the Internal Audit team considered that sufficient? It was noted that the Audit and Accounts Committee had also expressed some concerns with this approach. Internal Audit officers advised that this area was audited annually, and previous, more detailed audits had picked up few areas on concern. Accordingly the decision had been taken to conduct a deep dive into controls, which was the only area where issues had been flagged previously. Possible approaches to future audits of this areas were outlined.

It was unanimously resolved to:

note the Internal Audit work covering the period 2022-23.

147. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance in the period 1st May to 31st July 2023.

Over the three month period, all performance targets had been achieved, except for three 'Reds' and one 'Amber'. This reflected ongoing staff resource issues in the relevant team, including the relative inexperience of new team members. The Committee noted the detail of the current staffing situation.

The tight timescales for some of the KPIs, particularly the five working day target, were much more challenging than the industry standards. The Administration Strategy and the performance standards within it would be reviewed at the Pension Fund Board meeting in November and presented to the Pension Fund Committee at their December meeting. Appendix 2 set out progress with the development of new KPIs.

Arising from the report:

- in the Disputes section, it was noted that the reasons for not paying a 50% widow's pension following the death of a pensioner was likely to be related to the regulations that applied at the time the individual joined the pension scheme, and the specific circumstances around the scheme member's death. It was agreed that a high level summary of the case would be circulated to Committee. **Action: Michelle Oakensen;**
- with regard to the Stage 2 Dispute about a transfer to an overseas pension scheme which had taken place in 2015, it was noted that this related to a transfer where there had been a poor outcome following the transfer. There were very tight regulations for such transfers, and these types of disputes sometimes arose when an individual realised, following the transfer, that the value of the pension was lower than anticipated, and retrospectively challenged the Pension Fund for allowing them to transfer the pension. Fortunately officers were only aware of one or two such cases in relation to the Cambridgeshire Pension Fund;

- asked about the types of procedures were in place for Maternity cover, as there should be adequate notice when cover was required. Officers advised that there were appropriate processes, but the relatively small team was experiencing a high level of Maternity Leave. Broader issues around the team's approach to recruitment in a challenging market place were noted, including the limited use of agency staff;
- with regard to the "*Calculate and notify dependent(s) of amount of death benefits*", it was noted that notification was made at the point the payment was made.

There was a discussion around employer contribution rates, and the application of penalties for late payments. It was noted that for the last four months, all employers had paid on time. Measures were taken for repeat late payments, specifically if an employer was late for three consecutive months (or three months within a six-month period) this was raised with the Pensions Regulator, and the Committee would be alerted. There had very few instances where these processes had needed to be implemented. The Executive Director for Finance and Resources was pleased to note this, commenting that cashflow would become an issue for the Fund going forward, so it would be essential to maintain this excellent work.

It was unanimously resolved to:

note the Administration Performance Report.

148. Business Plan Update

The Committee considered an update to the Business Plan, which set out progress against key activities.

Members noted updates on key activities including:

- the Pensions Administration retender which had concluded, with the Fund due to enter into a new contract with the incumbent supplier, Heywood;
- good progress was being made on the manual rectification of outstanding records (Guaranteed Minimum Pension Rectification);
- the indicator for the McCloud Age Discrimination remedy had changed to Amber. The regulations and guidance for the age discrimination remedy had been published recently, which highlighted additional data to be collected from scheme employers. Guidance around prioritisation and treatment was awaited, the relevant paragraphs in the "Business as Usual" correspondence would be updated;
- good progress had been made with regard to the volumes of Undecided Leavers, and that indicator was now Green;
- the review of the investment consultancy contract was noted as a new activity, where the decision had been taken to extend the current contract until next year, to tie in with the investment consultancy objectives.

A Member asked if there was any scope to bring any of the outsourced activities in-house. It was confirmed that these often related to very specialised areas, such as the software,

and it was essential to have a robust supplier who could implement changes. The one element where there was scope to bring in-house was the hosting element, but it was generally far more efficient to outsource.

With regard to EDI it was felt that this should be all encompassing, issues such as communications, membership of Boards and Committees, it would be quite broad in reach. The Chair stressed that EDI issues should be considered in all aspects of the Fund's operations.

There was a query regarding the management expenses listed on p59, and officers agreed to investigate and confirm the actual figure with Members. Action required.

In response to a Member query on the level of Member involvement in the current investment consultancy and actuary retendering processes, it was confirmed that these processes had been delegated to officers. However, officers recognised that Members had expressed concerns around a number of issues on these contracts, including engagement with Committee Members, and Members may therefore may want to participate in the evaluation, given the importance of the relationship between the consultants and the Committee.

There was a discussion on benchmarking fees against other Pension Funds. By procuring through a framework, there was a maximum fee paid, and there was often a discount when more than one Fund invested, which could be quite significant. Benchmarking could be difficult as there may be different factors for different Funds, and it was difficult to establish those differences without infringing commercial confidentiality.

It was clarified that with regard to the new Business Plan activity identified in paragraph 3.19 – *potential to extend the current investment consultancy contract* – this activity could be changed at any time, it was not a matter for decision at this stage.

It was unanimously resolved to:

- a. note the Business Plan Update;
- b. approve the new Business Plan activities at 3.18 and 3.19.

149. 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.

With regard to the Pensions dashboard, the connection deadline of October 2026 was now set out in regulation, and the connection guidance was awaited, which would set out the specific staging dates. The Pension Regulator had made clear that all schemes should have regard to the connection guidance.

Since the pensions administration system procurement had been finalised, it had been confirmed that the Fund did not fall in any of the categories by which connection deadlines could be deferred. Internally a lot of work was ongoing in terms of data quality. The Fund would have some control over matching criteria. Officers detailed the specific GDPR implications and the importance of deleting information.

On 8th September the government published the response to the McCloud Consultation, and the Regulations had come into force on 1st October. The national working groups would be key going forward, and those groups were split into Statutory and Non Statutory guidance. Just over 17% (18,046) of Cambridgeshire Pension Fund scheme members were currently in scope. Governance advisors had provided training to all Pension staff in September, currently reviewing processes.

In terms of the Gender Pay Gap analysis, a working group had been set up and was due to meet shortly.

Arising from the report, a Member asked if more staff would need to be recruited to deal with the McCloud issue? Officers advised it was unlikely that more staff would be required as much work would be dealt with by automated processes, but there may be an issue with the more complex and specialist work, which would require the time of some of the most skilled and experience pensions officer, which may put pressure on other workstreams.

A Member observed that in addition to the Gender pension pay gap, there would inevitably be an Ethnicity pay gap.

It was resolved unanimously to:

- 1) note the Governance and Compliance Report;
- 2) note the immaterial amendments to be applied to the policies in section 3.12.

150. Employer Admissions and Cessations Report

The Committee received a report on the admission of six admitted bodies, and the cessation of six bodies. It was noted that a significant funding surplus had been identified for one of the exiting bodies, but the process for determining the value of the exit credit had not been concluded. This would be reported to a future meeting.

In response to a Member query, officers outlined the complex range of factors impacting on the final funding assessment, which determined whether there was an exit payment or an exit credit.

It was resolved unanimously to:

1. note the admission of the following transferee admission bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:
 - ABM Catering Limited
 - Avocet Cleaning Services Limited
 - Caterlink UK Limited
 - Easy Clean Contractors Limited
 - Innovate Services Limited
 - Pabulum Catering Limited

2. note the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - Aspens Services Limited
 - Excellerate Services UK Ltd
 - Nightingale Cleaning Limited
 - Nourish Catering Limited
 - Pabulum Catering Limited
 - Sanctuary Housing Association

3. note the update on previously reported cessations relating to:
 - ABM Catering Limited
 - Chorus Homes Group Limited
 - Friends Therapeutic Community Trust
 - Serco Limited

151. Cambridgeshire Pension Committee Forward Agenda Plan

It was resolved to note the Committee Agenda Plan.

152. 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).

153. Confidential minutes of the Pension Fund Committee meeting held 20 July 2023

It was resolved to approve the confidential minutes of the Pension Fund Committee meeting held 20 July 2023.

154. Cambridgeshire Pension Fund – Additional Voluntary Contribution Provider (AVC) administration and investment performance review

Members considered a review of Additional Voluntary Contributor (AVC) proposals.

It was resolved unanimously to approve the recommendations, as per the report.

155. Cyber Resilience and Data Protection

Members considered an update on the Fund's cyber resilience programme.

It was resolved unanimously to:

- 1) note the report
- 2) note the updated Cyber Activity Action Plan

156. ACCESS Update

The Committee considered a report on ACCESS Asset Pooling.

It was resolved to note the report.

Chair