

Draft public minutes of the Pension Fund Committee

Date: 14th December 2022

Time: 10:00am – 11.15am

Venue: New Shire Hall, Alconbury Weald

Present: County Councillors A Costello, E Murphy, C Rae (Vice-Chair), A Sharp, A Whelan (Chair); Peterborough City Councillor A Coles; John Walker, Lee Phanco and Matthew Pink

Officers: B Barlow, C Blose, D Cave, F Coates, S Heywood, M Oakensen and M Whitby; M Hodgson (EY)

89. Apologies for absence and declarations of Interest

Apologies were presented on behalf of Councillor Boden.

John Walker 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.

Lee Phanco declared an interest as Chair of the Board of Trustees and Directors of the Cambridge Sports Hall Trust.

Matthew Pink declared a personal interest as both he and his wife were active members of the LGPS.

90. Public minutes of the Pension Fund Committee meeting held 25 October 2022

The public minutes of the Pension Fund Committee meeting held on 25th October 2022 were approved as a correct record. There was no Action Log.

91. Petitions and Public Questions

There were no petitions or public questions.

92. Administration Performance Report

The Committee considered a report which set out a number of key areas of administration performance in the period 1 August to 31 October 2022.

There had been consistently good performance across the period, with all Key Performance Indicator targets met, with the exception of two KPIs which were Amber. One of these related to resourcing issues within the team that deals with the payment of

retirement benefits, which had subsequently been addressed. The other concerned a system issue that had resulted in a backlog, which had impacted on performance in October.

Members noted the following points:

- Employer contributions had been very high for all three months, with 100% performance for August;
- there had been a non-material breach of the law, involving eleven annual statements that had not been issued by the statutory deadline. It was confirmed that these had been entered on to the breaches log, and the eleven annual statements had subsequently been issued;
- there was one ongoing Internal Dispute Resolution Procedure (IDRP) complaint, which related to a delay in paying an AVC payment. The complaint was upheld at Stage 1;
- all Employer contributions listed as 'unpaid' in the confidential appendix had subsequently been received.

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.

Members noted:

- in October the Department for Work and Pensions (DWP) laid draft Pensions Dashboard Regulations before Parliament, and the Regulations had been debated and approved on 15 November, and came into force on 12 December;
- a key outcome of the draft Pensions Dashboard Regulations consultation in the summer was that pension schemes would have six months' notice of the point at which pensions dashboards would be available to the public, the 'Dashboard Available Point'. This was an increase to the 90 days proposed in the consultation;
- the Pension Dashboard Programme had published their research into the value of the Dashboards, which indicated that 57% of individuals would be likely to use the dashboard;

- real pension data was being tested on the Dashboard Eco system, and the subsequent testing stages were outlined, which should help improve the experience for the rest of the pensions industry;
- a response had been submitted on behalf of the Fund on the Climate related Financial Disclosures Regulations proposals;
- the Pensions Regulator had introduced three new policies: Revised Enforcement Policy, Updated Prosecution Policy and New Enforcement Policy. These provided a framework on how enforcement cases would be dealt with by the Pensions Regulator;
- the Pensions Regulator had put into force the Scam prevention strategy, to further combat pension scams, the key objectives being to educate savers, encourage higher standards, and to fight fraud. More detail would be provided in the Risk Monitoring Report, as there was a heightened risk of scams because of the cost of living crisis;
- Members' attention was drawn to the training plan, particularly the new training sessions scheduled for 16th and 19th December.

A Member commented that he welcomed anything that prevented pension scams, given the devastating impact this had on individuals. He asked if anything more needed to be done to help stop people falling for scams in the current cost of living crisis. Officers confirmed that more would be done as part of the next round of actions to ensure full compliance with the Scam prevention strategy. Members were reassured that much of the prevention work focussed on when scheme members requested to transfer out of the Fund, as this could be due to scammers urging them to release funds early. Many processes were already in place to detect and prevent such incidents, but current processes would be re-examined to see if there was scope for enhancement.

The Committee resolved unanimously to note the Governance and Compliance report.

94. Pension Fund Annual Business Plan Update report 2022/23

The Committee considered an update to the Business Plan.

Members noted the progress update for each business plan activity, with a RAG status given for each area of activity.

Discussing the 'Amber' items, it was noted that item 3.18, the review of website and digital communications, which involved a complete overhaul of the website, was broadly on track.

Both item 3.8 (Complete the Guaranteed Minimum Pension Rectification) and 3.10 (Processing of undecided leaver records) were currently Amber due to resourcing issues. Appointments had made to vacancies, providing additional officer resource to deal with Business as Usual (BAU) Undecided Leavers, and this was beginning to have an impact. However, the individual identified to lead the Guaranteed Minimum Pension Rectification

work had been allocated to other priority work, and would be reassigned to that project in the new year. The Fund's progress on GMP reconciliation was in line with other funds in ACCESS.

The Committee resolved unanimously to:

- 1) note the Business Plan Update

95. Cambridgeshire Pension Fund Conflicts of Interest Policy

Members considered a report which detailed how actual and potential conflicts of interest were identified and managed by those involved in the management and governance of the Cambridgeshire Pension Fund, whether directly or in an advisory capacity. The Good Governance Review included a recommendation that each Fund should itself have a published Conflicts of Interest Policy, in addition to the administering authority.

A training session in November, delivered by Aon, had been attended by Members of both the Committee and the Board. The session itself had been very positive and engaging, with examples of potential conflicts discussed, including Climate Change and potential Employer conflicts. A Member commented that the training session had been very good and thought-provoking. The Chair agreed, and urged those Members who had been unable to attend, to catch up with this very useful training session.

The Committee resolved unanimously to:

- approve the Cambridgeshire Pension Fund Conflicts of Interest Policy.

96. Pension Fund Annual Report and Statement of Accounts 2021-22

The Committee considered the final Annual Report and Statement of Accounts and the Audit Results Report for the Pension Fund for the 2021-22 financial year. Introducing the report, officers commented that there had been no material changes from the draft accounts, which had recently been considered by the Audit and Accounts Committee.

Officers highlighted that there was one uncorrected, immaterial difference (understatement) of approximately £10M, which was not seen as an issue by the External Auditor.

Mark Hodgson, External Auditor representing EY, commented that this had been a very good audit, executed to the timetable, and advised that he was in a position to issue his Audit Opinion at the appropriate point. Materiality was based on 1% of net assets, which at the time of the calculation was £43M, and any Audit Differences above £2.2M were reported, with anything around or above that level adjusted for.

There had been no changes to audit risks. In terms of uncorrected audit differences, the valuation of Level 3 assets was a risk in the Audit Plan, as these assets were difficult to

value in relation to market investments. The difference related to an understatement in valuation, the valuation of those specific assets being as at 31/12/21, and those assets had appreciated by over £10M at the year end (31/03/22). Officers had chosen not to adjust on the grounds of materiality.

In terms of closing procedures, the External Auditor had to issue his Audit Opinion on the Pension Fund Statements at the same time as the Audit Opinion was issued for Cambridgeshire County Council's accounts, as the Pension Fund accounts formed part of the overall County Council accounts. This was likely to take place in February. Receipt of the audit letter of representation and consideration of events up to that date of the Audit Opinion would also take place by that date.

The External Auditor advised the Committee that he had requested standard management representations, because all evidence needed had been gathered through audit procedures. This would enable him to issue an unqualified opinion, as set out in the report. He thanked the Investments & Fund Accounting Manager, the Pension Services Financial Manager and the rest of their team for the robust set of draft financial statements which had withstood the rigour of the audit.

The Chair thanked the External Auditor, and also thanked officers for all their hard work.

The Committee resolved unanimously to:

- a) approve the Final Annual Report;
- b) note the Statement of Accounts of the Pension Fund for the 2021-22 financial year;
- c) note the findings of external audit documented in the ISA260.

97. Employer Admissions and Cessations report

The Committee received a report on the admission of one admission body and the cessation of eleven bodies.

Officers highlighted the last employer named in Appendix A, which was an aged case. Whilst the relevant work had been done at the time the Employer had left the Fund, the relevant invoice had not been issued to the Employer. That invoice had subsequently been issued so that the deficit could be paid.

It was resolved unanimously to:

1. note the admission of the following admitted body to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:

- Aspens Services Ltd (Park Street CofE primary School)

2. note the cessation of the following bodies from the Cambridgeshire Pension Fund:

- Caldecote Parish Council
- Cambridge Primary Education Trust
- Hertfordshire Catering Limited (Meldreth Primary School)
- Compass Contract Services Limited (The Netherhall School)
- Caterlink UK Limited (Anglian Learning Trust)
- TNS Catering Limited (Wasp Cluster 2)
- Hertfordshire Catering Limited (The CAM Academy Trust)
- Easy Clean Contractors (Milton Primary School)
- Aspens Services Limited (Fulbourn Primary School)
- Alliance in Partnership Limited
- Cambridge Community Service NHS Trust

98. Cambridgeshire Pension Committee Forward Agenda Plan

The Committee considered the forward Agenda Plan.

Officers advised that the Code of Practice and Good Governance Review Action Plan items had been rescheduled to March. The outcome of the Good Governance Review was expected in early in 2023, and the Committee would be updated accordingly.

It was resolved to note the Committee Agenda Plan.

99. 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).

100. Cambridgeshire Pension Fund - Valuation Update

Members considered a report summarising progress with the valuation project.

It was resolved unanimously to:

Approve the recommendations as per the report.

101. Cambridgeshire Pension Fund Risk Register

The Committee considered the Pension Fund Risk Register and revised Risk Strategy.

It was resolved unanimously to:

- 1) review the Cambridgeshire Pension Fund Risk Register and
- 2) approve the Cambridgeshire Pension Fund Risk Strategy

102. ACCESS Update

The Committee considered a report on ACCESS Asset Pooling.

It was resolved to note the report.