

**CAMBRIDGESHIRE
PENSION FUND**



Pension Fund Board

Date: 18 December 2014

Report by: Deputy Head of Pensions

Subject:	Pension Fund Annual Business Plan Update report 2014-15
Purpose of the Report	To present the third Pension Fund Business Plan Update for the 2014-15 financial year to the Pension Fund Board.
Recommendations	The Board are asked to note the attached Pension Fund Business Plan third update report for the 2014-15 financial year, provided in the appendix to this report.
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1. Background

- 1.1 Good governance ensures that any updates to the pre-agreed Business Plan are provided to the Board on a regular basis. This update highlights the progression made on the Fund's service challenges, its performance on the key performance indicators and also any other initiatives during each quarter of 2014-15 as laid out in the Annual Business Plan.
- 1.2 The Fund Business Plan update is attached in Appendix 1.

2. Contents of Business Plan Update

2.1 Pension Fund news

- 2.1.1 The recruitment process to find a replacement all other local authorities, police and fire representative on the Cambridgeshire Pension Fund Board following the resignation of Councillor Nick Guyatt is completed. Councillor Andrew Fraser of South Cambridgeshire District Council will assume this role with immediate effect. The substitute for Councillor Fraser will be confirmed shortly.
- 2.1.2 Provided in this section of the business plan update is the progress made by LGSS Pensions Service and LGSS Democratic Services in establishing a local pension board as a direct requirement of the Public Services Pensions Act 2013. The local pension board's purpose is to secure compliance with relevant regulations and legislation relating to the governance and administration of the LGPS and also the requirements imposed by the Pensions Regulator. The local pension board must be

established in the County Council's constitution by 1 April 2015 with the first meeting to be held by 31 July 2015.

Proposals have been developed by LGSS Pensions Service and LGSS Democratic Services as to the composition of the local pension board in terms of number of employer and member representatives, the type of representative in each group (e.g. trade union representative, elected member), the quorum, frequency of meeting and the method of recruitment.

It is also proposed that the local pension board will report annually to full council through an annual report which will be approved by the Pension Fund Board (or Committee as it will become known).

A full report to formalise and approve the creation of a local pension board is to be presented to full council in either February or March 2015, depending on the date that final Local Government Pension Scheme regulations are issued.

- 2.1.3 Within the news section of the Business Plan Update is a brief update on the Service Level Agreement (SLA) with Cambridgeshire County Council and Northamptonshire County Council. LGSS Pensions have now base-lined the fixed cost that would form the basis of the recharge under the SLA. Senior officers have been liaising with the administering authorities to agree the SLA taking into account the considerations of the Task & Finish Group that was formed look into the details of the SLA.
- 2.1.4 LGSS Pensions will soon be embarking on a large scale project to reconcile information held on the pensions administration software, Altair, with that held by HMRC on contracted-out membership. To achieve the most efficient use of the additional resources that will be required to carry out this reconciliation it is intended that there will also be a reconciliation of the data held on the pensioner payrolls administered by LGSS with that held on Altair.
- 2.1.5 An update on the training events for Board Members and Officers scheduled for 2015 are included in Appendix 1. This section will become a regular feature of the Business Plan Update and will be refreshed with new events and confirmation of dates upon each issue.
- 2.1.6 The Shadow National Scheme Advisory Board released the combined Annual Report of all the 89 LGPS Funds in England in Wales in early November. The Advisory Board, created as a result of Public Services Pensions Act 2013, has released this document to demonstrate transparency of the activities of public service pension schemes in the UK. The headlines from the combined Annual Report are detailed within the Business Plan Update with a comparison against the Cambridgeshire Pension Fund.
- 2.1.7 The Department for Communities and Local Government have issued the results of the SF3 data collection for 2013-14. This data collection provides information on Local Government Pension Funds' scheme income, expenditure, membership, retirements and other activities. This data provides a benchmark on the administration and fund management of the LGPS and is used in compiling the National Accounts and to show the role of the pension funds in the economy. The key data from the analysis of the 81 English LGPS Funds is detailed in appendix one.

2.2 Employee and employer monthly pension contributions

This section details the percentage of Scheme employers that pay over their employee and employer monthly contributions by, or after, the statutory deadline of the 19th day of the following month. The average percentage of late payments made by employers remains at 2.5% for the period April to September 2014, although the late paying employers are in some cases different employers each month.

LGSS Pensions Service will be working with the employers who are paying over contributions later than the statutory deadline to ensure compliance each month going forward.

2.3 Communications with Scheme members

During this reporting period a newsletter and an Annual Benefit Statement have been issued to all Councillors who are in active membership of the LGPS. A sample of the newsletter can be found in Appendix 2.

2.4 Regulations and consultations update

This section provides information on recently issued regulations that are either Local Government Pension Scheme (LGPS) Regulations or overriding legislation. This section also addresses any consultations that have an impact on the administration of the LGPS.

This reporting period has been quiet in terms of significant new regulations. However, there has been a number of consultations directly affecting the Local Government Pension Scheme.

LGSS Pensions Service has submitted a consultation response on The Local Government Pension Scheme (Amendment) (Governance) Regulations 2014 and this can be found in Appendix 3.

2.5 Investments update

The investment section details key developments and updates in this reporting period. In brief, work has taken place to embed the new Investment Consultant, Mercer. Mercer has reviewed the Fund's Investment Strategy, details of which were presented at the November Investment Sub-Committee and will also form a report at the December Pension Fund Board meeting. Mercer are also working on a review of the Statement of Investment Principles to be presented at the March Pension Fund Board.

2.6 Key service challenges

This section provides an update on the work undertaken by and the achievements of LGSS Pensions Service in completing the service challenges for 2014-15 as laid out

in the Annual Business Plan. During this reporting period, good progress has been made on all the key service challenges.

2.7 Key Performance Indicators

This section of the Business Plan Update reports on the Key Performance Indicators (KPIs) as set out in the Business Plan. In the months of September and October the majority of KPIs were met and also exceeded. One KPI which was a large scale project across both Pension Funds fell short of the performance standard required. This KPI, the issuing of FRS17/IAS19 reports for the Academies in the Fund, relied on accurate data and a decision of which type of report was required by the Academy or indeed the Multi-Academy Trust which in a large number of incidences was problematic. Further detailed analysis of the KPIs can be found in Appendix 4 and 5.

2.8 Forward plan of business

This section of the report details the next Board meeting date and the topics for discussion.

3 Relevant Pension Fund Objectives

Perspective	Outcome
Communications	<ul style="list-style-type: none">• Promote the Scheme as a valuable benefit.• Deliver a clear and consistent message; that is simple, relevant and impactful, uses plain English throughout and engages all levels of stakeholders' understanding.• Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits.• Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately.• Look for efficiencies in delivering communications including through greater use of technology.

Perspective	Outcome
Administration	<ul style="list-style-type: none"> • Provide a high quality, friendly and informative administration service to the Funds' stakeholders. • Administer the Funds in a cost effective and efficient manner utilising technology. • Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. • Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. • Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. • Maintain accurate records and ensure data is protected and has authorised use only. • Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.
Governance	<ul style="list-style-type: none"> • To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies. • Ensure the Fund and its stakeholders have the appropriate skills and receive training to ensure those skills are maintained in a changing environment.

4. Finance & Resources Implications

4.1 The financial and resource implications are set out in the Business Plan.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk as it is best practice that the Fund has an approved Business Plan.	An approved Business Plan.	Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
If the Fund does not have a Business Plan Update the Fund will have significant lack of direction, control and structure in the management of its business.	Amber

6. Communication Implications

Direct Communications	The Pension Fund Business Plan Update will be presented to the Pension Fund Board at its quarterly business meetings.
Website	The Pension Fund Business Plan Update will be published on the Fund's website

7. Legal Implications

7.1 Not applicable.

8. Consultation with Key Advisers

8.1 The Fund's key advisers have been consulted in the Pension Fund Business Plan Update where necessary.

9. Alternative Options Considered

9.1 Not applicable.

10. Background Papers

10.1 Not applicable.

11. Appendices

11.1 Appendix 1 – Annual Business Plan 2014-15 – update 3 (November 2014).

11.2 Appendix 2 – Councillors' Newsletter – Active Member Sample

11.3 Appendix 3 – Consultation response – The Local Government Pension Scheme (Amendment) (Governance) Regulations 2014

11.4 Appendix 4 – Employer Services – Performance Monitoring 2014-15

11.5 Appendix 5 – Pensions Administration Management and Performance Monitoring 2014-15

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	N/A
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Yes, Chris Malyon – 28/11/2014
Has this report been cleared by Deputy Head of Pensions?	Yes, Mark Whitby – 24/11/2014
Has the Chairman of the Pension Fund Board been consulted?	Yes, Councillor Hickford – 26/11/2014
Has this report been cleared by Legal Services?	Yes, Laurie Gould – 28/11/2014