

Annual Business Plan 2015-16
Update 2 (October 2015)

This is the second Business Plan Update of 2015-16.

The Annual Business Plan and Medium Term Strategy 2015-16 was approved at the March meeting of the Pension Fund Board, the purpose of this update is to show the progress made during this second quarter linking directly to Cambridgeshire Pension Fund objectives.

To demonstrate the progress made there are four sections that provide the relevant evidence as follows -

- Key Fund challenges
- Contribution reporting
- Administration and investment expenses
- Key Performance Indicators

This update shows how the Fund has performed in terms of actions required and whether KPI targets have been met. The purpose is to highlight outstanding actions in order to reach key milestones and address any areas of poor performance in order to improve and meet targets.

The regular update aims to show the quarterly performance with an overview of the year after the fourth quarter. The update ensures the Fund is keeping on track to ensure the desired outcomes.

Mark Whitby
Deputy Head of LGSS Pensions Service

Section 1 - Key Fund activities

The Annual Business Plan 2015-16 laid out the key activities facing the administration and governance of the Local Government Pension Scheme. The plan related to the Fund's objectives as well as changes in regulations, in order to ensure that actions taken are clearly defined and for a specific purpose.

A number of these activities link directly to the Fund's policies, strategies and contractual services in order to ensure functions are being carried out effectively.

The below table shows the key Fund activities as agreed and provides an update on how the Fund has been working towards these actions. Collaboration between sections of the Service has ensured good progress against each activity.

Regulatory activities	Progress	Timescale for completion
Implementing the 2015 governance changes. <ul style="list-style-type: none"> Embed the Pensions Regulator Code of Practice – Governance and administration of public service pension schemes. Assist LGSS Democratic Services with the creation and ongoing operation of the Public Service Pensions Act 2013 requirement for each public service pension scheme to have a local pension board. 	<ul style="list-style-type: none"> The Pension Regulator's Code of Practice continues to be embedded throughout the year within existing processes to strengthen controls in such areas of contribution monitoring and skills and knowledge. The Committee is to be presented with a revised Knowledge Management Policy and a Reporting Breaches of the Law to the Pensions Regulator Policy at the October 2015 meeting Ongoing – Amber Individual training undertaken to date has been identified for Pension Committee Members in order to assess the training needed going forward in order to comply with the Pensions Regulator Code of Practice and to enable accurate reporting in the Fund's Annual Report. Completed - Green The first Local Pension Board meeting took place on 6 July 2015; the Chairman and Vice-Chairman were appointed and as part of the meeting a short presentation was delivered on 	Ongoing process throughout 2015-16 into 2016-17.

	<p>the LGPS. Other items discussed were, Terms of Reference, Knowledge and Understanding Framework and the work programme. Completed – Green</p> <ul style="list-style-type: none"> A joint Local Pension Board training day was held on 1 September 2015. Members of the respective Pension Committees were also invited to attend. The session was presented by Hymans Robertson and gave an overview of the LGPS and the Local Pension Board's roles and responsibilities. The event was informative with delegates from Cambridgeshire and Northamptonshire's Committees and Boards, displaying good representation from each Fund. Completed – Green. 	
Strategic/Objective based activities	Progress	Timescale for completion
<p>Improving employer performance and engagement.</p> <ul style="list-style-type: none"> Undertake full review of Administration Strategy including approach to dealing with poor performing employers. Introduce improved system for escalation of endemic employer issues from casework officers to Employers Team. 	<ul style="list-style-type: none"> The Administration Strategy was last reviewed in January 2015; this will be reviewed again January 2016 for relevance and updated if necessary. Completed – Green. Poor performing employers have been recorded by individual teams. Intervention from the Employers team has been delayed due to resourcing issues, and the delivery of this is now due by 30 September 2015. Ongoing – Amber 	Ongoing.
<p>Customer satisfaction.</p> <ul style="list-style-type: none"> Organisational Workforce 	<ul style="list-style-type: none"> A meeting was held in July to discuss areas for improvement in customer management which had been identified through 	Ongoing process

<p>Development to facilitate Customer Service Excellence Standard training with a view to achieving this Standard.</p> <ul style="list-style-type: none"> • Embed customer service culture. • Carry out customer satisfaction surveys. • Continue to build on staff capabilities with a number of learning and development activities. 	<p>the data gathering stage. Following guidance from LGSS Organisational Workforce Development (OWD) work is underway to document detailed process maps for any customer processes that have interdependencies with all teams to ensure a smooth customer experience. A further meeting was held in September with OWD to discuss next steps. Ongoing – Amber.</p> <ul style="list-style-type: none"> • Customer Service Excellence Standard has been discussed at team meetings and is being embedded through monthly 1-2-1s and PADPs. Ongoing – Amber. <p>The dedicated Employer helpline has been working effectively and has received extremely positive feedback. Completed – Green.</p> <ul style="list-style-type: none"> • The employer satisfaction survey results have been analysed and improvements have started to be introduced based on the results, one example is to introduce a new format at the next employer forum to incorporate workshops. Preliminary discussions have also begun about future improvements to employer communications with the possibility of a quarterly employer newsletter being explored. The full results and forward plan for improvements will be presented at the employer forum in November. Ongoing – Amber. <p>The member satisfaction survey is due to be rolled out in October. During the month, following every main written communication sent to members; a survey will be included to capture the member's experiences of LGSS Pensions. The results of which will be analysed to assess any service improvements that are needed.. Ongoing – Amber.</p>	<p>throughout 2015-16 into 2016-17.</p>
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	<ul style="list-style-type: none"> Staff will continue to be offered the opportunity for formal and informal training opportunities. Including the opportunity to multi task within the casework teams. Ongoing – Amber. Managers and Team Leaders have attended Next Generation workshops and are due to attend a workshop on ‘Motivating yourself and your team’, the content of which will be filtered down to the teams. Ongoing – Amber 	
Source efficiencies to reduce the cost of administering the Fund. <ul style="list-style-type: none"> Improve efficiency of business processes, particularly those in connection with non Altair based activity. Improve employer performance. Move to electronic annual benefit statements. Promote greater use of employer and member self- service facility. Continue to build on staff capabilities with a number of learning and development activities. 	<ul style="list-style-type: none"> Fund processes will be continuously reviewed throughout the year seeking to drive efficiencies. An induction pack is currently been developed to ensure potential employers receive comprehensive guidance and information prior to participating as an employer in the Fund. Ongoing – Amber An Employer Forum has been arranged for November with workshops being held in the afternoon on Pensionable Pay, Year End, Outsourcing and Discretions. All Employers in the Fund will be invited to attend and is a good opportunity for employers to keep up to date with changes to the Scheme and to fully understand their roles and responsibilities. Ongoing – Amber The first communication sent to members to move to electronic Annual benefit Statements from 1 April 2016 has been sent as part of the August 2015 postal statements, members have been advised that future statements will be issued via Member Self Service. Members have likewise been informed that they can opt out of the electronic statement if they advise in writing. Completed – Green. 	Throughout 2015-16

	<ul style="list-style-type: none"> • Employer Self Service (ESS) sign up has remained the same, this will be promoted again at the upcoming Employer Forum. Training is being considered for employers who feel they need additional support to use the facility. Ongoing – Amber • Of the active 39,269 Members that have been issued with activation keys for Member Self Service (MSS), 16.11% have registered to use MSS and have logged on for the first time to access their individual pension record. This registration figure is reduced from the previously reported 18% as the number of active members increased due to new starter records received via I-connect and Strictly Education. <p>We have also utilised the Annual Benefit Statement as an opportunity to market MSS to our Deferred Members. A total of 1016 of the 38,177 Deferred Members (2.6%) have registered for the service. The Annual Benefit Statements also gave us the opportunity to remind our Active Members to register.</p> <p>As the Annual Benefit Statements promoted MSS, we saw a surge in telephone queries to our dedicated MSS number and an increase in our e-mails – we are currently working through these. Our KPI is to respond to all e-mail queries within five working days. This KPI is met and usually exceeded with e-mails being addressed daily. Since e-mails were monitored back in July 2014 we have received 5,219 to date. In 2015, we have received 1,486 emails to date. Ongoing – Amber</p> <ul style="list-style-type: none"> • Staff will continue to be offered the opportunity for formal and informal training opportunities. Including the opportunity to 	
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	multi task within the casework teams. Ongoing – Amber	
Managing the risks associated with the increasing volume and diversity of scheme employers as a result of the move to alternative service delivery models. <ul style="list-style-type: none"> • Monitor and manage resource pressures as a result of increasing numbers of scheme employers. • Identify split between statutory and potentially chargeable non-statutory activity. • Investigate and progress as appropriate employer covenant monitoring, liability monitoring and employer risk register projects. 	<ul style="list-style-type: none"> • There continues to be a review of the impact resulting from an increasing number of Scheme employers on the advisory functions provided by the Service in areas such as the accountancy and employer support. The review will continue to be carried out during rest of the financial year. Ongoing – Amber • Due to recent promotions; the Employer's Team has not been operating at full capacity with vacancies for both an Employer Liaison Officer and Pensions Officer. An appointment has been made for the Employer Liaison Officer (acting up) and the Pension Officer role is currently being recruited to. Ongoing – Amber • The FRS17 process is continuing to be managed more effectively to ensure the Fund is able to cope with increased pressure at each accounting cycle. The management includes starting the process at the earliest opportunity to establish the number of reports required and to then agree timescales with the actuary and liaise effectively. Ongoing – Amber <p>During the quarter, risk assessments have been carried out to ensure that the level of coverage provided is still appropriate under current market conditions and employment portfolio, for relevant employers in the Fund. Ongoing – Amber</p>	Throughout 2015-16
Improve data quality. <ul style="list-style-type: none"> • The Guaranteed Minimum Pension (GMP) reconciliation project will 	<ul style="list-style-type: none"> • The project is now underway with the first stage reconciling the total annual pension in payment on individual pensioner 	Throughout 2015-16

<p>ensure that the correct amount of GMP is held on both Altair and on the individual pensioner payroll records.</p> <ul style="list-style-type: none"> • Reconciliation of the pensioner payroll against Altair pensioner records will be run in tandem with the GMP reconciliation project. 	<p>payroll records against that held on Altair. At the start of the project there were 28,823 lines of data to be reconciled. A tolerance level of up to a maximum of £100 difference in the total annual pension between the two systems was set. 24,576 lines of data either completely matched or came within the tolerance. This left 4,511 lines of data to be reconciled by 31 March 2016. To date a further 264 cases have been reconciled reducing the total outstanding to 4,247. A lot of resource has been used in matching National Insurance Numbers where the payroll, pensions administration system or HMRC do not match with each other. It is expected that the reconciliation process will now progress at a quicker rate following the necessary matching and cleansing processes undertaken.</p> <ul style="list-style-type: none"> • To date only a small number of overpayments have been identified. The Pensions Committee will be updated on the overpayments and the progress made on recovery via the Overpayments Report. • Errors in the value of the Guaranteed Minimum Pension values held on each system are also being addressed at this stage for those individuals whose records are showing a greater than a £100 per annum variance. • The next stage of the project will look specifically at the differences in the Guaranteed Minimum Pension amounts held on each system and with that held by HMRC for all pensioner 	
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	members. At this stage there are approximately 9,500 lines of data to be reconciled but this will be reduced through work under taken in the first stage of the project. Ongoing – Amber	
Renewal/review of contracts	Progress	Timescale for completion
Procurement of actuarial, governance and benefits consultancy service. <ul style="list-style-type: none"> LGSS Pensions participation in the refreshing of the National LGPS Framework for Actuarial and Benefits Consultancy contracts to commence from May 2015. 	<ul style="list-style-type: none"> Work to refresh the National LGPS Framework for Actuarial and Benefits Consultancy has been delayed. Further updates will be provided once the project commences. Ongoing – Amber 	Process to complete by June 2017.
Review Additional Voluntary Contribution providers. <ul style="list-style-type: none"> Gather investment and membership data and analyse performance and popularity of the current providers. Seek information on other suppliers Additional Voluntary Contribution facilities for LGPS members. 	<ul style="list-style-type: none"> A meeting was held with officers and Prudential at which Prudential delivered their internal governance review. Full details of the review and recommendations of possible additions to the investment offerings will be presented at December Pensions Committee. Ongoing – Amber 	October 2015 Committee meeting.

Section 2 - Contribution Reporting

The following table shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions either on time or late (after the 19th of the month following deduction) for the period 1 July 2014 to 30 June 2015.

	Jul -14	Aug -14	Sep -14	Oct -14	Nov -14	Dec -14	Jan -15	Feb -15	Mar -15	Apr -15	May -15	Jun -15
% of Employers Paid on Time	99.5	98.5	96.6	96.9	99.4	99.0	95.7	97.6	91	96.1	94.7	95.1
% of Employers Paid Late	0.5	1.5	3.4	3.1	0.6	1.0	4.3	2.4	9	3.9	5.3	4.9

The average percentage of employers who did not pay their contributions by the 19th day of the month following deduction for this quarter was 4.7%, per month.

In the quarter, April had 9 late payments totalling £49,965.11, May had 12 late payments of £52,209.29 and in June, there were 11 late payments of £50,052.98. The total of late payments for this quarter amounted to £152,227.38.

There were six employers who were reported as paying late more than once in this quarter of which the value amounted to £98,826.96.

A breakdown of this is below –

Employer	Month	Days Late	Amount	Comments/Action
A	May	1	£1,591.05	Employer was contacted in respect of late payments. Subsequent payments have been on time.
	June	3	£1,591.05	
B	April	64	£4,791.14	This employer was contacted and escalated which resulted in agreeing double payments being made. To monitor this going forward.
	May	80	£4,792.40	
	June	50	£3,310.23	
C	May	24	£2,695.44	Employer was contacted in respect of late payments.
	June	31	£2,819.19	
D	April	6	£245.09	Employer was contacted in respect of late payments.
	May	2	£245.09	
E	April	Unpaid	£1,512.88	This employer was contacted in respect of late payments; this has escalated to the Employers Team where discussions are taking place to recover monies owed.
	May	Unpaid	£1,013.07	
	June	Unpaid	£1,262.31	
F	April	1	£24,045.39	Employer was contacted in respect of late payments.
	May	1	£24,648.69	
	June	1	£24,263.94	

In addition, as part of the monitoring of late payments, LGSS officers now record when employers do not submit their monthly returns (the form which details the breakdown of the payment being made) on time. The payment and return need to be reconciled, in some cases a late payment cannot be identified until both the payment and the return have been received.

The following table shows the percentage of employers in the Cambridgeshire Pension Fund who submitted their payment schedules either on time or late for the period 1 April 2015 to 30 June 2015.

	Apr - 15	May - 15	Jun - 15
% of Employers submitted on time	93.2	94.1	95.2
% of Employers submitted late	6.8	5.9	4.8

All employers who submit their monthly return or payment late are informed that this not acceptable and they could incur a penalty if not rectified going forward. In light of these ongoing issues around this area a communication will be sent to all employers addressing importance of making payments and submitting returns on time and subsequent penalties for failing to do so.

In line with the Pension Regulators Code of Practice, LGSS Pensions Service will be working with the employers who are paying over contributions later than the statutory deadline and submitting late returns to ensure compliance each month going forward. Employers that persistently pay over late or submit late returns may be reported to the Pensions Regulator if the breach is deemed as material.

Section 3 - Administration and Investment Expenses

Below is how the Fund has performed against the financial forecast detailed in the Annual Business Plan for 2015-16.

There has been no change in expenses between quarter one and quarter two as the Fund is on target at this stage for meeting the year forecast.

CCC Administration, Governance and Investment Expenses				
31 July 2015	2015-16 Original Estimate £'000	2015-16 Full Year Forecast £'000	2015-16 Variance £'000	Comments
LGSS Pension Service	1,491	1,480	-11	Vacancy factor on staffing
County Council Related Overheads	702	702	-	
Administration Expenses	2,193	2,182	-11	
Direct Fund – Governance Related	415	415	-	
Direct Fund – Governance Related	415	415	-	
Direct Fund – Investment Related	250	250	-	
Direct Fund – Investment Related	250	250	-	
Total Administration, Governance and Investment expenses	2,858	2,847	-11	

Section 4 - Key Performance Indicators – 1 May to 31 July 2015

Below are the results of how the Fund has performed against the Key Performance Indicators set out in the 2015-16 Annual Business Plan in period two.

The following Key Performance Indicators are based on the performance of LGSS Pensions Service.

Function/Task – Service Key Performance Indicators	Indicator	Target	Within Target (last quarter performance)	Update/Additional Information
Notify leavers of deferred benefit entitlement.	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	99% (98%)	Target achieved and exceeded.
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	96% (91%)	Target achieved and exceeded.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	100% (97%)	Target achieved and exceeded.
Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	87% (78%)	Target missed by 3% but has seen a 9% increase from last quarter to this quarter.

Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	95% (58%)	Target achieved and increased by 37% from last quarter due to the Freedom of Information requests settling down and resource issues addressed.
Notify the employer and scheme members of changes to the scheme rules.	Within one month of the LGSS Pensions Service being informed of the change.	95%	100% (100%)	Target achieved.
Issue annual benefit statements to active members as at 31 March each year.	By the following 31 August (pending timely receipt of satisfactory year end data from the scheme employer).	100%	97.83%	<p>The 2.17% of statements not being issued is due to late, inaccurate or non submission of year end data from the employer.</p> <p>A concentrated effort on obtaining year end data from employers between 1 May 2015 and 15 July 2015 resulted in a high percentage of statements being issued.</p> <p>On submission of correct data from employers by 30 September 2015 the remaining statements will be issued by 31 December 2015.</p> <p>Officers of the Fund have deemed the non issued statements to be insignificant based on the minimal percentage and the complexities of the introduction of the 2014 Scheme (affecting all Funds) and have therefore not reported to the Pensions Regulator.</p>

The following Key Performance Indicators are based on the performance of the employers within the Fund

Function /Task – Employer Key Performance Indicators	Indicator	Target	Within Target	Update/Additional Information
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	Contributions to be received by individual employers by 19 th calendar day of month after deduction and statement/schedule was received by the same date as payment.	100%	95%(n/a)	Work is continuing with employers to ensure timely submission of both payments and schedules for each calendar month. More robust processes are being developed to target the 5% of employers that have submitted a late payment or return for this quarter.
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	Accurate year end information to be provided for all scheme members by 30 April following contribution year end.	100%	9.91% (n/a)	18.53% received in total but only 9.91% on time and in the correct format. One large payroll provider who was responsible for submitting 68% of the contribution data did not submit their data until 5 May 2015. A concentrated effort on obtaining year end data from employers between 1 May 2015 and 15 July 2015 resulted in a high percentage of statements being issued.
Provide LGSS Pensions Service with all necessary information regarding new starters and hours/weeks per year variations in a format acceptable to the Administering Authority.	Accurate information provided within 10 working days of the relevant calendar month end or within 30 days of commencement/change if earlier where employer automatic enrolment duties apply.	95%	44.45% (33%)	The low percentage reflects interfaces not being submitted on time and in the correct format. Close liaison between the Pension Service and the large payroll providers has resulted in progress in this area and the performance is expected to increase further.

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