

# Cambridgeshire Pension Fund

## Pension Fund Committee

25 October 2022

Report by:	Head of Pensions
Subject:	Governance and Compliance Report
Purpose of the Report:	<p>To provide the Pension Fund Committee with information on:</p> <ol style="list-style-type: none"><li>1. Pensions Dashboards Regulations 2022</li><li>2. Scheme Advisory Board – Annual Report</li><li>3. Academy Guarantee</li><li>4. Skills and knowledge opportunities</li></ol>
Recommendations:	The Pension Fund Committee are asked to note the Governance and Compliance Report
Enquiries to:	Michelle Oakensen, Governance and Regulations Manager <a href="mailto:michelle.oakensen@westnorthants.gov.uk">michelle.oakensen@westnorthants.gov.uk</a>

## 2. Developments

### 2.1 Pensions Dashboards Regulations 2022

- 2.1.1 Pensions dashboards will allow individuals to see information about all their pensions, including the State Pension, in one place. These draft regulations set the requirements to be met to deliver this and will place a legal duty on pension providers to provide information to the dashboards.
- 2.1.2 There have been several sets of draft regulations and consultations issued during 2022 on the finer technical detail of establishing and connecting to a Pensions Dashboard and part of which was at what point the LGPS (and all other Public Sector Pension Schemes) would be required to connect to and supply data to a Dashboard.
- 2.1.3 In July 2022 an announcement was made that the LGPS would not be required to connect to a Dashboard at the initial staging date of April 2024 as this would not allow Funds sufficient time to undertake all the remedial work required of the McCloud remedy which can only begin from October 2023. The LGPS now has a staging date of 30 September 2024 to connect to a Pensions Dashboard and a date of 1 April 2025 to make scheme member data available on the Dashboard.
- 2.1.4 In light of this information and detail arising from the regulations and consultation responses a detailed report of the work that needs to be undertaken by the Fund to meet the staging date and to be able to provide data to the Dashboard, was commissioned from the Fund's Governance Advisors, Aon. This report will enable a detailed project plan to be devised to meet the required deadlines.
- 2.1.5 The LGPC response to the consultation can be found in full here. The Pension Fund Committee will be kept up to date with developments regarding the Pensions Dashboard.

### 2.2 Scheme Advisory Board – Annual Report

- 2.2.1 On 13 June 2022, the Scheme Advisory Board published its annual report for 2021. The report provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. The report collates information supplied by the 86 administering authorities, as 31 March 2021.
- 2.2.2 The main highlights from the report are:
- Total membership increased by 1.08% to 6.226 million.
  - Total assets increase by 23.4% to £342 billion.
  - Local authority net return on investment from 1 April 2020 to 31 March 2021 was 20.56% (which was reflective of market conditions).
  - A positive cash flow was maintained overall (including investment income).
  - Over 1.8 million pensioners were paid.
  - Total management charges increased by £196 million (12.9%) primarily driven by a rise in investment management charges, while administration, oversight and governance costs remained broadly stable.
- 2.2.3 The full report can be found here [LGPS Scheme Advisory Board - Scheme Annual Report \(lgpsboard.org\)](https://lgpsboard.org).

## 2.3 Academy guarantee

- 2.3.1 In 2013, the Government introduced the academy guarantee. The guarantee provides that in the event of an academy closing, any outstanding liabilities will not revert to the LGPS Fund.
- 2.3.2 Following a reassessment, the Government confirmed on 21 July 2022 in a written ministerial statement that it will continue to provide the academy guarantee.
- 2.3.3 Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.

## 2.4 Skills and knowledge opportunities

- 2.4.1 The Public Services Pensions Act 2013 and the Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) require all members of the Pension Fund Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 2.4.2 In order to facilitate the acquisition of skills and knowledge for members of the Pension Fund Committee, appendix 1 lists the main events that are deemed useful and appropriate.
- 2.4.3 If members of the Pension Fund Committee would like to attend any of the events listed in appendix 1, please contact a member of the Fund's governance team who will make the necessary arrangements if an invitation has not already been sent.

## 3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. *Objective 1*

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. *Objective 2*

Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*

To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

## 4. Risk Management

- 4.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

- 4.2 The Fund's risk register can be found on the Pensions website: [Cambridgeshire Pension Fund Risk Register](#).

## 5. Communication Implications

- 5.1 Training - All staff involved in the administration of the LGPS are aware of how any new developments impact on the calculation and payment of benefits from the scheme.
- 5.2 Employers - All relevant items are communicated to scheme employers via website updates.

## 6. Finance & Resources Implications

- 6.1 There are no financial and resource implications associated with this report.

## 7. Legal Implications

- 7.1 Not applicable

## 8. Consultation with Key Advisers

- 8.1 Consultation with the Fund's advisers was not required for this report.

## 9. Alternative Options Considered

- 9.1 Not applicable

## 10. Background Papers

- 10.1 Not applicable

## 11. Appendices

- 11.1 Appendix 1 Skills and Knowledge training schedule

## Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 29/9/2022

Has this report been cleared by Head of Pensions? Mark Whitby – 27/9/2022

Has the Chair of the Pension Fund Committee been consulted? Councillor Whelan – 14/10/2022

Has this report been cleared by Legal Services? Fiona McMillan – 30/9/2022