

CAMBRIDGESHIRE PENSION FUND BOARD

Date: Friday, 27 October 2017

Democratic and Members' Services

Quentin Baker

LGSS Director: Law and Governance

Shire Hall

Castle Hill

Cambridge

CB3 0AP

10:00hr

Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

- 1 Election of Chairman**
- 2 Election of Vice-Chairman**
- 3 Apologies for Absence**
- 4 Declarations of Interest**

Guidance for Councillors on declaring interests is available at:

<http://tinyurl.com/ccc-conduct-code>

- 5 Minutes - 12th April 2017**

5 - 12

6	Review of Terms of Reference and Standing Orders	13 - 20
7	Governance & Legislation Report	21 - 42
8	LGSS Pensions Service Administration Performance Report	43 - 58
	<i>This item contains a confidential appendix. If Board Members wish to discuss the appendix the press and public will need to be excluded from the meeting using the exclusion at agenda item 14.</i>	
9	Data Quality	59 - 66
10	Governance Policy & Governance Compliance Statement	67 - 100
11	Cambridgeshire Pension Fund Anti-Fraud & Corruption Policy	101 - 114
12	Procurement of Actuarial, Benefits and Governance Consultancy Services	115 - 120
13	General Data Protection Regulation	121 - 134
14	Exclusion of Press and Public	
	<i>To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains 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 information relating to the financial or business affairs of any particular person (including the authority holding that information)</i>	
15	Asset Pooling Update	
	<i>Oral presentation</i>	

The Cambridgeshire Pension Fund Board comprises the following members:

Mr Barry O'Sullivan (Chairman)

Mr David Brooks Mr Denis Payne and Mr John Stokes Councillor Simon King and Councillor Ian Manning

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Ruth Yule

Clerk Telephone: 01223 699184

Clerk Email: ruth.yule@cambridgeshire.gov.uk

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/cccfilm-record>.

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <https://tinyurl.com/CCCprocedure>.

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccccar-park> or public transport

MINUTES OF THE CAMBRIDGESHIRE LOCAL PENSION BOARD

Wednesday 12th April 2017

Members of the Board in attendance:

Employers – Councillor P Downes (Vice Chairman), D Payne

Scheme Members - B O’Sullivan (Chairman), D Brooks and J Stokes

Officers in attendance:

M Oakensen – Governance Officer

P Tysoe – Investment and Fund Accounting Manager

J Walton – Governance and Regulations Manager

M Whitby - Head of Pensions

R Yule – Democratic Services Officer

Time: 10.00am. to 12.10pm

Place: Shire Hall, Cambridge

Action

72. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies received.

The Chairman declared a Disclosable Pecuniary Interest under the Code of Conduct as both he and his wife were members of the Local Government Pension Scheme (LGPS); David Brooks, Councillor Downes and John Stokes declared that they were beneficiaries of the LGPS. David Brooks declared an interest as a governor of the College of West Anglia.

73. CHANGE OF RUNNING ORDER

The Chairman proposed, and the Board agreed, that the running order be changed to take agenda items 13 and 14 (exclusion of press and public, and the asset pooling update) earlier in the meeting, immediately after item 6, to avoid the risk that some members would have to leave before the items were reached.

74. MINUTES & ACTION LOG – 25th JANUARY 2017

The minutes of the meeting of 25th January 2017 were approved as a correct record and signed by the Chairman, subject to the addition of the words ‘selection and’ to the final bullet point of minute 60, to read ‘Board members noted that the Council’s Monitoring Officer had confirmed that the Chairman and Vice-Chairman of the Board would be invited to part in the selection and interview process’.

The Board noted the action log, and was advised that the date for completion on minute 12 had been updated from 'unsure of date for completion' to 'should be available in next few weeks'.

75. 2017 JOINT COMMUNICATIONS STRATEGY

The Board received a report presenting a revised Cambridgeshire Pension Fund Communication Strategy for information; the Strategy had been prepared in accordance with the requirements of the Local Government Pension Scheme Regulations 2013, and the revised version had been approved by the Pension Fund Committee.

In discussion, Board members

- enquired about progress in receiving the Plain English Campaign's approval; officers advised that documents were currently being put through the Campaign's process as individual documents, starting with the most complex and the most needed ones, such as retirement letters
- queried the removal of 'contributions' (as one of the things members were told about) from Objective 14, on providing Scheme members with up to date information. Officers advised that contributions had not been included because they were not something about which there was any decision for members to make. It was implicit in Objective 14 that members would be informed about their contributions so that they could understand the scheme and the scheme benefits; in drafting the objectives, officers had tried to pare them down to what was achievable
- on providing information to make informed decisions, referred to a case of short notice of a change raised at the Board's January meeting, and asked how officers tracked the giving of information about changes to ensure that it was given in time. Officers replied that if a change was material, notification had to be within a specific timescale, achieving which was tracked as one of the key indicators; the change discussed previously had not been material, and had been notified by Government so shortly before the change that it had been impossible to tell some Scheme members about it in time for them to make any decision.

It was resolved to note the Communication Strategy located in the Appendix to the report before the Board.

76. ADMINISTRATION STRATEGY REVIEW

The Board received a report inviting it to evaluate the revised Administration Strategy and suggest any improvements to ensure an effective and workable strategy before the Strategy was submitted to the Pension Fund Committee for formal approval.

Members noted that the intention was to develop a joint Administration Strategy for both the Cambridgeshire and the Northamptonshire Funds because it was possible to obtain greater efficiencies through a common way of working for both Funds. Once the two Committees had approved the Strategy, there would be a 30-day consultation with scheme employers; if there were no material changes arising from the consultation, the Strategy

could be published, but if there were material changes, the Pension Fund Committees would have to review the Strategy again. The changes were intended to improve the way in which poorly-performing employers were dealt with, and to act as a deterrent to poor employer performance.

In discussion, Board members

- queried whether the changes would be sufficient to act as a deterrent; officers advised that they were intended as a starting point, and all monies saved would go back into the Fund to meet administration costs
- noted that the tendency was for late contributions to come from a variety of employers, rather than always the same ones; before starting to charge the penalty for late contributions, procedures would be followed as per the Payment of Employee and Employer Contributions Policy
- commented that small employers were likely to have only one person trained to deal with financial matters; if that person were absent for any reason, there would then almost inevitably be problems with prompt payment. Officers advised that much support was given to small employers such as parish councils, but it was essential that they have a system in place for prompt payment of contributions. The changeover to BACS payments had caused some issues for small employers
- asked whether there were many instances of obvious problems caused by dealing with two authorities. Members noted that there was little commonality with data providers. A major source of problems was late notification of leavers; there was no material problem with late payment. The Administration Strategy was being amended to improve procedures for ensuring compliance with statutory requirements, not because there were material problems, but because members paid into their pensions for many years, and it was important to ensure that employers took their duties, and members' contributions, seriously
- commented that the proposed charges were relatively small for large employers, and noted that the intention was to make an administrative charge to cover the Fund's additional costs; any failures by an employer would be communicated to the employer at a senior level, and charges were applied in some instances per piece of late information, which would mean that larger employers by default would pay more
- noted that larger employers were tending now to give information on a monthly rather than an end-of-year basis; employer self-service had been introduced to help employers update information as changes occurred. Providing information on scheme leavers was still complicated and time-consuming for employers because of the calculation of final pay, and so of final benefits, but efforts were being made to use automation to improve processes for any size of employer
- queried the reference in Appendix 3 to a decision of the Pensions Committee in relation to 'notify the employer of decisions to recover additional costs...'. Officers advised that this should be removed, as Pensions Committee was no longer asked to take the recovery decision

- asked that page numbers referred to within the Strategy be checked for accuracy
- queried the rationale for supplying the date on which a target was agreed in Appendix C but not in the other two appendices. Officers undertook to remove the word 'achievement' in the last column of Appendix C. The original intention of the columns had been for reporting to employers annually; what were thought to be the key ten performance indicators had been identified each year.

Having evaluated the revised Administration Strategy and suggested improvements as set out above to ensure an effective and workable strategy, the Board noted the Strategy.

77. VALUATION UPDATE

The Board received an oral update from the Head of Pensions on the progress of the 2016 valuation of the Cambridgeshire Pension Fund. His report included that

- the valuation had been completed successfully in line with the statutory target of 31 March
- the report was with the scheme actuary, and the primary and secondary rates had been communicated to the scheme employers
- the methodology for setting rates had been changed to prevent large increases and decreases
- different levels of probability were looked at for different groups
- rates had decreased for some employers, for example, for some academies because they had few legacy liabilities and a large number of active members
- a post-project evaluation was being undertaken, which included seeking feedback from employers.

In response to Board members' questions, the Head of Pensions further advised that

- looking back to past valuation exercises, improvements had been made in how information was communicated to employers and the depth of information given; even if it was not what they had wanted to hear, employers had appreciated that account had been taken of their comments on communication. Changes in methodology had also been made in an attempt to bring something of a probability-based approach to smaller as well as larger employers and improve the realism of future forecasts
- the pension implications of becoming an academy were explained to school governors prior to schools' admission as academies, though not on a single page. They were told that the academy would take on a proportion of the Council's pension deficit liability comparable to that being paid before becoming an academy (unless a new academy was being established); because the LGPS was a funded scheme, the deficit was important.

It was resolved to note the valuation update

78. EXCLUSION OF PRESS AND PUBLIC

It was resolved to:

Exclude the press and public from the meeting for the following item of business on the grounds that it contained 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).

79. ASSET POOLING UPDATE

The Board received an oral report on the most recent developments in the arrangements for asset pooling. Members noted that the County Council had approved the governance arrangements for the Joint Committee at its meeting on 28th March 2017, as set out in the published report to Council.

It was resolved to note the oral update.

The press and public were readmitted for the remainder of the meeting.

80. CAMBRIDGESHIRE PENSION FUND EXECUTIVE SUMMARY

The Board received the Executive Summary Report of the items discussed at the March 2017 meeting of the Pension Fund Committee.

In answer to questions, Board members noted that 'pass through' arrangements were used in the context of a very small short-term contract, for example outsourced catering involving two staff. Rather than the employer incurring fees for actuarial work and a potential cessation payment at the end of the contract the liability remained with the ceding employer as the risk would be negligible due to the size of the contract. The new employer would therefore adopt the ceding employer's contribution rate.

It was resolved to note the contents of the report.

81. LGSS PENSIONS SERVICE ADMINISTRATION PERFORMANCE REPORT

The Board received the administration service report, which had been updated since the Board's January meeting, when there had been insufficient time to consider the report.

Members noted that it had been necessary to complete a Breach of Law report for one medium-sized employer. The Pensions Regulator had asked a number of follow-up questions about the circumstances surrounding this and the actions taken by Fund officers, and would be making its assessment in due course. Members noted that all employers were treated equally under the scheme.

In discussion, members observed that some of the key performance indicator (KPI) targets were rarely met, and asked whether they were realistic. The Head of Pensions advised that, like many other pension funds, the targets most frequently missed related to supplying estimates; any issues of capacity in a team would show up in this area first. In answer to the suggestion that perhaps the target should be set at less than 90%, he pointed out that it had been met in some months, and said that it was not desirable to set a target below the level of service that the Fund wished to deliver. The Board's attention was drawn to the more detailed analysis in Appendix 2. Members congratulated officers on the KPIs that had been met.

It was resolved to note the Administration Performance Report.

82. CAMBRIDGESHIRE PENSION FUND ANTI-FRAUD AND CORRUPTION POLICY

The Board received a report inviting it to evaluate and suggest any improvements to the draft Anti-Fraud and Corruption Policy. The Pensions Regulator did not require such a policy to meet the Code of Practice, but officers thought it important to have the policy as a means of reducing the Fund's risk of exposure to potential fraud and corruption.

In discussion, Board members

- in reply to a question about the source of the Policy, noted that it had been informed by policy documents produced by other funds, but had been developed locally and tailored to Cambridgeshire needs
- asked whether, to avoid the situation where a pensioner died and there was a delay in notifying the Fund of the death, any measures were taken to check that UK pensioners were still alive. Officers advised that if the person registering the death made use of the 'tell us once' scheme, the Fund would automatically be informed. There was a far greater risk of delay in learning of an overseas pensioner's death. Once the overseas proof of life scheme was operational, a similar scheme would be developed for UK-based pensioners
- commented that 'life certificates' used to be used many years ago. It was pointed out that the need to have them signed had not acted as a deterrent to fraud, so a more robust system was needed. The National Fraud Initiative supplied information for UK pensioners every two years; this was demonstrated in the table of fraud prevention activity.
- pointed out that 'are cover' in 6.1 should read 'are covered'
- noted that the Board did see internal audit reports, and that it was a control issue if a matter identified by internal audit was not dealt with by the administering authority, but suggested that the Pension Fund Board, in its capacity as an oversight committee, might need to see more than the audit reports currently presented – members did not know what they did not know

- in the light of the previous point, asked that the Board's terms of reference be reviewed at its next meeting

M Oakensen
J Walton

- noted that the cost savings referred to in the third paragraph of 'Administration of the Fund' on agenda page 185 amounted to £400k, much of which had been achieved through the removal of duplication.

Having evaluated the Anti-Fraud and Corruption Policy and suggested improvements as set out above to ensure an effective and workable policy, the Board noted the Policy.

83. PENSION FUND ANNUAL BUSINESS PLAN & MEDIUM TERM STRATEGY 2017-18 TO 2019-20

The Board received a report setting out the Fund's Business Plan, detailing the Fund's objectives and setting out key priorities for the forthcoming year, and in some cases subsequent years.

Examining the Plan, members asked what sort of savings were envisaged through the procurement of the actuarial, governance and benefits consultancy service in conjunction with the Northamptonshire Pension Fund, and whether economies of scale would apply as there were two funds involved. Officers said that time had moved on since the contract had been put in place; some of what the current provider of actuarial services could offer had not been adopted because of the forthcoming procurement. It was hoped to save about 30%. Much of the work was demand led in nature, for example the commissioning of a report, and was charged according to a set scale; when suppliers were tested as part of the procurement exercise, it would be seen whether they would offer any reduction for supplying one service to two funds.

It was resolved to note the Business Plan for 2017-18 provided in the appendix to the report before the Board.

84. CAMBRIDGESHIRE PENSION FUND RISK REGISTER

The Board received a report on the Risk Register, which had been approved by the Pension Fund Committee in October 2016. Heat pads had now been produced, designed to act as a visual tool in assessing and monitoring the Fund's risks. These would be updated as risks moved, with arrows used to show the direction of travel. Examining the register, members commented that it would be helpful if all pages could be set out in the same orientation.

It was resolved to note the Cambridgeshire Pension Fund Risk Register located in the appendix to the report before the Board.

85. INVESTMENT STRATEGY STATEMENT

The Board received a report setting out the LGPS Fund's Investment Strategy Statement (ISS), produced and published in accordance with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Members were advised that the dates for four information days had now been identified, all to be held at Wyboston Lakes:

- 5 July 2017
- 4 October 2017
- 22 November 2017
- 7 February 2018.

In answer to questions, members noted that these four days formed a series of sessions; all stakeholders should attend all sessions if possible. 5 July would be used to go through the Investment Strategy Statement, and would feed in to the next round of meetings. The agenda for 4 October would be member-led, and subsequent dates would be used for other topics if work on the ISS had been completed by November. A Board training programme was in the course of development.

It was resolved to note the contents of the report.

Chairman

**CAMBRIDGESHIRE LOCAL PENSION BOARD –
TERMS OF REFERENCE & STANDING ORDERS**

To: **Cambridgeshire Local Pension Board**

Date: **27th October 2017**

From: **Democratic Services**

Purpose: **The Cambridgeshire Local Pension Board is asked to consider its Terms of Reference and Standing Orders.**

Recommendation: **The Cambridgeshire Local Pension Board is asked to recommend to Council:**

- (a) any revisions to its Terms of Reference as set out in Appendix A in the Council’s Constitution; and**
- (b) any revisions to its Standing Orders as set out in Appendix B including changes proposed at its meeting.**

<i>Officer contact:</i>	
Name:	Daniel Snowdon
Post:	Democratic Services Officer
Email:	Daniel.Snowdon@cambridgeshire.gov.uk
Tel:	01223 699177

1. BACKGROUND

- 1.1 The Administering Authority when establishing its Local Pension Board should create terms of reference for the Board on the basis that the Board is a stand-alone body but it is also a requirement for its terms of reference to be approved, in accordance with its Constitution. These terms of reference should be reviewed periodically and at each material change in regulations impacting on the Local Pension Board.
- 1.2 The County Council, at its meeting on 24th March 2015, agreed the establishment of a Local Pension Board for Cambridgeshire County Council (the Administering Authority). It also agreed the necessary changes to the Council's Constitution to allow the creation of the Board.
- 1.3 The Standing Orders and Terms of Reference were presented to the Board at its first meeting, then following amendment were formally adopted at its meeting held on 21st October 2015. Following the meeting of the Local Pensions Board in April 2017, a Board Member requested a review of the Terms of Reference and Standing Orders be undertaken by the Board.
- 1.4 The Board is invited to review, comment and recommend any amendments to its Terms of Reference and Standing Orders to Council.

2. GUIDANCE ON THE CREATION AND OPERATION OF LOCAL PENSION BOARDS IN ENGLAND AND WALES

- 2.1 The Government has issued Guidance designed to assist Administering Authorities in the creation and operation of Local Pension Boards in line with relevant legislation and in particular The Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 2013 (as amended). See link http://www.lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%20clean.pdf

Source Documents	Location
Local Government Pension Scheme (Amendment) (Governance) Regulations 2015	Jo Walton, LGSS Pensions Service Governance and Regulations Manager Tel - 01604 367030 E-mail - jwalton@northamptonshire.gov.uk
Council – Agenda and Minutes 24 March 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=925



Appendix A

9.2 PENSION FUND BOARD

The Council shall establish a local pension board with the following membership and powers:-

Membership

Representatives of	Number of seats	Term of Appointment	Method of Appointment
Employers	3	4 Years or until qualification for membership ceases	Two representatives to be appointed by Cambridgeshire County Council Full Council One representative appointed via an open and transparent selection process.
Scheme Members	3	4 Years or until qualification for membership ceases	To be appointed via an open and transparent selection process.
Total	6		

Delegated Authority	Statutory Reference/ Condition
Authority to assist the administering authority in securing compliance with (i) the Principal 2013 Regulations, (ii) any other legislation, and (iii) requirements imposed by the Pensions Regulator in relation to the Scheme.	Local Government Pension Scheme (Amendment) Regulations 2014 (Regulation 106(1)(a) & (b))
Authority to assist the administering authority in ensuring the effective and efficient governance and administration of the Scheme.	As above (Regulation 106(1)(b))

The Chairman/woman and Vice-Chairman/woman of the Board shall be elected by the Pension Fund Board.

Cambridgeshire Pension Fund Board (Standing Orders)

1. Notice of Meetings

Meetings of the Board will be convened by the Administering Authority, who will also arrange the clerking and recording of meetings (a member of the County Council's Democratic and Members' Services Team will act as Clerk). Officers from the LGSS Pension Service will provide pension fund information to the Board.

The agenda and papers for meetings must be available at least five clear working days before the meeting.

2. Chairmanship

A Chairman/woman and Vice-Chairman/woman will be appointed by the employer and member representatives of the Board from among their own number but not from the same sector of representatives.

The role of the Chairman/woman is to ensure meetings are properly conducted, decision making is clear and professional advice is followed. The Chairman/woman will agree the agenda and approve the minutes for each meeting.

3. Other members

The Board may appoint other members with the agreement of the Administering Authority. Other members will not have voting rights on the Board.

4. Reporting

The Board should in the first instance report its requests, recommendations or concerns to the Pension Committee.

On receipt of a report, the Committee should, within a reasonable period, consider and respond to the Board.

Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report.

Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.

The appropriate internal route for escalation is to the Monitoring Officer and the Section 151 officer.

The Board may report concerns to the LGPS Scheme Advisory Board for considering subsequent to, but not instead of, using the appropriate internal route for escalation.

Board members are also subject to the requirements to report breaches of law under the Act and the Code [and the whistleblowing provisions set out in the

Administering Authority's whistle blowing policy].

The Board will publish an annual report of its activities for that year and include it part of the Pension Fund's annual report.

5. Board Knowledge and Understanding

Every individual who is a member of the Board must be conversant:

- with the rules of the Local Government Pension Scheme;
- any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund.

Every individual who is a member of the Board must also have knowledge and understanding of:

- the law relating to pensions; and
- such other matters as may be prescribed.

The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act.

6. Members' Conduct

The Board should at all times act in a reasonable manner in the conduct of its purpose. Part 5 - Codes and Protocols of the County Council's Constitution will therefore apply to all members of the Board

http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution

The Board should always act within its terms of reference and standing orders.

7. Termination of Membership

Board membership may be terminated prior to the end of the term of office due to:

- (i) a member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund;
- (ii) a member representative no longer being a scheme member or a representative of the body on which their appointment relied;
- (iii) an employer representative no longer holding the office or employment or being a member of the body on which their appointment relied;
- (iv) a Board member no longer being able to demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training;
- (v) the representative being withdrawn by the nominating body and a replacement identified;
- (vi) a Board member has a conflict of interest which cannot be managed in

accordance with the Code of Conduct;

- (vii) a Board member who is an elected member becomes a member of the Pensions Committee;
- (viii) a Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

8. Role of Advisors

The Board will seek alternative routes for advice prior to outside advisors being commissioned at considerable cost. The approval of the Section 151 is required if the Board needs to pay advisers.

9. Urgent Items of Business and the Publication of Information

The Board will follow the requirements of the Local Government Access to Information Act 1985 as set out in the Administering Authority's Constitution.

10. Working Groups/Sub-Committees

The Board will have the power to set up working groups/sub committees if appropriate.

11. Expenses

Board members will be able to claim reasonable expenses from the Pension Fund if claimed within two months.

Travel by private vehicles will be reimbursed at the rates set for tax allowance purposes by the Inland Revenue for business travel. Currently these are 45p per mile for the first 10,000 miles and 25p a mile thereafter and an additional 5p per mile where a passenger (another councillor) is carried.

Parking fees and public transport fares will be reimbursed at cost on production of a valid ticket or receipt. In the case of travel by rail, standard class fare or actual fare paid (if less) will be reimbursed.

12. Public Access to Board Meetings and Information

The Board meetings can be open to the general public (unless there is an exemption under the relevant legislation which would preclude part (or all) of the meeting from being open to the general public.

The following will be entitled to attend Board meetings in an observer capacity:

- (a) Members of the Pension Fund Committee;
- (b) Any person requested to attend by the Board.

Any such attendees will be permitted to speak at the discretion of the Chairman/woman.

13. **Data Protection**

The Administering Authority, Cambridgeshire County Council, assumes the role of the Data Controller.

14. **Amendment of the Terms of Reference (Constitution) and Standing Orders**

The Board may recommend variations to its Terms of Reference or Standing Orders by a simple majority vote by the members provided that prior notice of the nature of the proposed variation is made and included on the agenda for the meeting. The recommendation will then need to be approved by Full Council.

**CAMBRIDGESHIRE PENSION
FUND**



Pension Fund Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	Governance and Legislation Report
Purpose of the Report	To provide the Pension Board with: 1) Information on potential, new or amending legislation affecting the LGPS; 2) Information on other pensions legislation; 3) Activities of the LGPS Scheme Advisory Board and Pensions Regulator; 4) Information on issues concerning the governance of the Local Government Pension Scheme (LGPS) on a national and local basis; and 5) Skills and knowledge opportunities.
Recommendations	That the Pension Board notes the content of the report.
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Service E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 This is a standing report that identifies issues concerning the governance of the Local Government Pension Scheme (LGPS) and also potential, new, amending and overriding legislation that will have an impact on how the Scheme is managed and on members' benefits.

2. Potential changes to LGPS Regulations

2.1 Cohabiting partner's pensions

- 2.1.1 The UK's Supreme Court previously ruled that a provision in Northern Ireland's Local Government Pension Scheme (LGPS) that prevented the cohabiting partner from receiving a survivor's pension, unless the member had nominated her, unlawfully infringed upon her human rights. The ruling could have direct implications for other public-service pension schemes, such as the LGPS for England and Wales, many of which have similar nomination requirements.
- 2.1.2 Following on from this, the Department of Communities and Local Government have recently issued guidance and in conjunction with legal advice obtained from the Cambridgeshire Pension Fund a full report is being provided to the Pension Fund Committee on the findings and action to be undertaken, which can be found in Appendix 2 of this report.

2.2 Exit payment reform update

2.2.1 Following June's general election, it is understood that there is no policy change in respect of the various exit payment reforms that the 2015-2017 Government were in the process of introducing prior to the snap election. However, given the focus on Brexit in the coming period and the new Government's minority status, it is unclear the extent to which pursuing each reform will be a priority for the Government. It is also unclear the implementation timescales the Government plan to adopt for each reform. The understanding of the current position on each reform is as follows:

2.2.2 **1. Exit payment recovery** – the draft regulations issued under the Small Business, Enterprise and Employment Act 2015 proposed that where an individual with a salary of £80,000 or more leaves a public sector employment and returns to work in the public sector within 12 months, they will be required to pay back some or all of the exit payments (including strain cost) received.

Prior to the announcement of the general election the final HM Treasury regulations that would have enacted the recovery provisions were expected "soon". If and when issued, the regulations will be overriding meaning that it will not be necessary to amend the LGPS regulations for exit payment recovery to have effect. The legislation is subject to the affirmative procedure meaning that it will require the formal approval of both Houses of Parliament before it becomes *law* – this is expected to take 3-4 weeks from the publication of the final regulations.

2.2.3 **2. Exit Cap** – where an individual leaves a public sector employment, the total exit payments that their employer can make in respect of that exit will be capped at £95k. This cap includes the strain cost payable in respect of an LGPS pension coming into payment early.

Subject to the Government proceeding with its plans in this area, it is anticipated that there will be further consultation (draft HM Treasury regulations) on how the cap will work in practice. The consultation is expected to last for 6-8 weeks. Discussion with regard to how the 'strain on fund' cost would be calculated for the purposes of the exit payment cap are ongoing.

Once final Treasury regulations are laid they will enact the relevant parts of the Enterprise Act 2016 which will amend the LGPS regulations. HM Treasury are also expected to publish guidance on the circumstances when the cap can be waived these circumstances will be prescriptive and set out the specific situations in which HMT think it would be acceptable to waive the cap.

2.2.4 **3. Exit payments further reform** – proposals looking at the overall severance packages payable from public sector bodies following a Government consultation on this topic, undertaken in February 2016. HM Treasury issued its formal response to the consultation in September 2016 setting out broad criteria within which they expected responsible departments to reform the exit packages of their workforces.

Subject to the Government proceeding with its plans in this area, it is expected that DCLG will publish a consultation on the proposed package for local government.

The full response to the initial consultation can be found - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/555304/reforms_to_public_sector_exit_payments_consultation_response.pdf

3. Other impacting legislation

3.1 MIFID2 – publication of FCA policy statement

- 3.1.1 In early July, the Financial Conduct Authority (FCA) published their final policy statement on the implementation of the EU's Markets in Financial Instruments Directive II (MIFID2) from January 2018.
- 3.1.2 Upon coming into force, MIFID2 will re-designate local authorities as 'retail' investors from their current status as 'professional' investors. The policy statement confirmed significant revisions to the criteria via which a local authority pension fund will be able to opt up to professional status and follows detailed discussions undertaken by the Scheme Advisory Board England and Wales (SABEW) with the FCA.
- 3.1.3 It will be possible for Funds to "opt up" to *elective professional* status, and thereby attain similar status under MiFID II that prevailed under MiFID I.
- 3.1.4 The original proposals gave cause for concern that "opting up" may be problematic. Whilst most LGPS Funds would have passed the *£15m financial instruments* threshold, few, including Cambridgeshire, would have completed *10 transactions per quarter* as the Fund does not manage money internally. Furthermore the initial draft policy on *client experience* was felt to give insufficient recognition to the decision making role of Members on s101 committees, such as the ISC, who have a regulatory obligation to take advice. Ambiguity on that test was considered to have a likely knock on impact in how the Investment Managers undertook their own qualitative assessment.
- 3.1.5 Many Funds responded to the FCA's consultation in late 2016. Furthermore FCA officials engaged with the LGA, the Investment Association (IA) and British Venture Capital Association (BVCA). In January two FCA officers attended the Cross Pool Collaboration Group (CPCG) officer meeting chaired by ACCESS, and further dialogue was held in February.
- 3.1.6 The outcome of this engagement is a revised set of criteria. Critically an additional test – proposed by CPCG – has been added, which reflects the regulatory obligation for an LGPS Fund to take advice when making investment decisions. Furthermore the expanded policy wording in relation to the qualitative assessment reinforces this point. In addition to lowering the financial instruments threshold from £15m to £10m, which may assist smaller Funds.
- 3.1.7 The LGA, in consultation with the IA and BVCA has developed a template designed to capture the information that an LGPS Fund will need to provide in order to demonstrate that it passes two of the four quantitative test and relevant background for Investment Managers to undertake the qualitative assessment. The relevant background emphasises the importance of each Fund's governance structure, committee membership and training. All of which must be evidenced at individual and Committee level, including supporting officers of the Fund.

- 3.1.8 Officers have commenced completion of the templates and will seek Mercer feedback before circulating the completed draft template to Investment Managers by mid to late September. This will allow Investment Managers to feed back to the Fund before a final submission is made in November 2017, facilitating Investment Managers to confirm opt ups ahead of the January 2018 deadline.

4. Activities of the LGPS Scheme Advisory Board England and Wales (SABEW)

4.1 Launch of SABEW Investment Transparency Code

- 4.1.1 The Pensions and Lifetime Savings Association local authority conference saw the launch of the SABEW Investment Transparency Code. The Code has been issued to assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis.
- 4.1.2 The move toward investment fee transparency and consistency is seen by the SABEW as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and was included in the government's criteria for pooling investment.

More details on the code can be found -

<http://www.lgpsboard.org/index.php/structure-reform/cost-transparency>

4.2 Local pension board survey

- 4.2.1 On 26 May SABEW commenced a survey to test the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of local pension boards and interaction with their administering authority.
- 4.2.2 The survey deadline has since been extended from 28 July 2017 to 29 September 2017 due to lack of responses. Following its completion the SABEW will be writing to DCLG with their findings and, if applicable, their recommendations for any regulatory changes they consider necessary. The survey was sent to the Chairman of the Pension Fund Committee and Chairman of the Local Pension Board for completion in June this year.

4.3 Publication of PwC academies report

- 4.3.1 The SABEW have published the PwC report, "Options for Academies in the LGPS", on their website. The report was commissioned by the SABEW in 2016 to look into the issues associated with the participation of academies in the LGPS.
- 4.3.2 Publication of the report will enable the SABEW to engage with key stakeholders including pension funds, actuarial firms and academy trusts as appropriate on the issues raised by those interviewed by PwC. The Board will continue to gather relevant evidence and then develop specific proposals for change before submitting its recommendations to Ministers for their consideration.

The report can be found - <http://www.lgpsboard.org/index.php/structure-reform/review-of-academies>

4.4 Consultation on academies objectives

- 4.4.1 The SABEW have commenced a consultation on the development of options for academies. The consultation is open to all interested parties and was open until 29 September 2017.
- 4.4.2 The proposed draft objectives that the SABEW are seeking views upon are as follows:

- Protect the benefits of scheme members through continued access to the LGPS;
- Ring fence local taxpayers and other scheme employers from the liabilities of the academy trust sector;
- Improve the efficiency and effectiveness of administrative practices; and
- Increase the accuracy and reliability of data.

4.4.3 However, in achieving the objectives, the SABEW do not believe the changes should:

- Significantly alter cash flow at the fund level; or
- Significantly alter assets at the pool level

4.4.4 The consultation can be found - <http://www.lgpsboard.org/index.php/board-publications/board-consultations> and a response was submitted by the LGSS Pensions Service agreeing with the objectives in 4.4.2.

4.5 Consultation on pooling forum

4.5.1 The SABEW have also commenced a consultation on the development of a national Cross Pool Information Forum (CPF) for the LGPS in England and Wales.

4.5.2 The SABEW propose that the CPF is established to receive, share and disseminate information on the pooling of LGPS assets as well as provide a platform to exchange best practice and items of cross pool interest. However, it should not have decision making powers, nor should its discussions be technical in nature. It is proposed that the CPF would consist of up to three members from each pool, nominated by the member administering authorities of each pool.

4.5.3 Views from LGPS Pension Committee Chairmen/women are sought on the proposals and the consultation closed on 29 September 2017.

4.5.4 The consultation can be found - <http://www.lgpsboard.org/index.php/board-publications/board-consultations> and a response was submitted on behalf of the ACCESS pool by the Joint Collaboration Group.

4.6 Local Pension Board Liability Insurance

4.6.1 According to the legal opinion obtained by the LGA from James Goudie QC, the Pension Board itself is not a council committee and therefore there is uncertainty as to whether members of the board are officials who fall within the scope of the councils own indemnity provisions.

4.6.2 Many policies contain exclusions relating specifically to claims arising out of a breach of fiduciary duty, responsibility or obligation in connection with any employee benefit or pension plan, and there is some reluctance to extend the scope of cover.

4.6.3 As such officers have sought advice from the Council's insurance department and obtained an external insurance quote for the Local Pension Board to be covered for incidents such as public relation expenses and prosecution costs. This quote is currently with the Council's insurance department for review and an update will be provided when available.

5. Activities of the Pensions Regulator

5.1 The Pensions Regulator's Annual Scheme Return

- 5.1.1 The Pensions Regulator (TPR) issued the Annual Scheme Return for the Cambridgeshire Pension Fund. This was completed and returned to the Pensions Regulator ahead of the 26 October 2017 deadline. Failure to have done so would have been a breach of the Pensions Act 2004.
- 5.1.3 It has recently been confirmed that an LGPS fund has been fined £1,000 by TPR for its failure to complete its annual scheme return.

6. Other activity

6.1 Pension Ombudsman Service

- 6.1.1 Following discussions with Government ministers, it has been agreed that the Pensions Ombudsman service will at some point in the future take over the informal dispute resolution service currently provided by the Pensions Advisory Service (tPAS).
- 6.1.2 To assist with their plans for the merger of the formal and informal resolution processes, the Pensions Ombudsman service have recently commenced a project to look into the services provided by both organisations and are seeking views from pension scheme administrators to feed into this. Specifically, the Pensions Ombudsman service were asking for views on what works well about both services (in terms of both quality and delivery), what could be improved, and what administrators believe are the risks and opportunities of merging the services.
- 6.1.3 There was only a short window of opportunity to feed into this with a closing date of 2 August 2017.

6.2 State pension age review

- 6.2.1 The rise in the pension age to 68 will now be phased in between 2037 and 2039, rather than from 2044 as was originally proposed and those affected are currently between the ages of 39 and 47.

7. Skills and knowledge opportunities.

7.1. Training Events

- 7.1.2 Section 248A of The Pensions Act 2004 as incorporated within The Pensions Regulator's Code of Practice (Governance and administration of public service pension schemes) requires all members of the Pensions Committee to maintain the necessary skills and knowledge to undertake their role effectively.
- 7.1.3 In order to facilitate the acquisition of skills and knowledge for members of the Pension Committee, appendix 1 lists all events that are deemed useful and appropriate.

- 7.1.4 Requests to attend events will be facilitated by the Governance Team. It may be necessary to restrict numbers of attendees on some courses through reasons of cost.

8. 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. <i>Objective 1</i>
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. <i>Objective 2</i>
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. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

9. Finance & Resources Implications

- 9.1 Not applicable

10. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with this report		Green

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

Risk	Risk Rating
That the Committee are ill-informed about important consultations and changes affecting the Fund they are responsible for administering	Green

11. Communication Implications

Training	All staff involved in the administration of the LGPS are aware of the new legislation and the impact on the calculation and payment of benefits from the scheme.
-----------------	--

12. Legal Implications

- 12.1 There are no legal implications connected to the contents of this report.

13. Consultation with Key Advisers

13.1 There has been no requirement to consult with advisers over the content of this report.

14. Alternative Options Considered

14.1 There are no alternative options to be considered.

15. Background Papers

15.1 Not applicable

16. Appendices

16.1 Appendix 1 - List of training events/conferences.

16.2 Appendix 2 – Pensions for Cohabiting partners without nomination report – Pensions Committee meeting of 19 October 2017.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 22 September 2017

Appendix 1 - Internal/External training and events 2017-18

Date	Event	Training Credits	Target Audience	Website Link
28 June 2017	Local Pension Board – Two years on Conference	2	Board Members	http://www.cipfa.org/training/l/lgps-local-pension-boards-2-years-on-20170628-london
29-30 June 2017	14 th Annual LGPS Trustees Conference	4	Officers, Committee/ Board Members	https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=119663&eventID=365&eventID=365&CSPCHD=000001000000FwL8fgemsOYHjsa3Y3JGLpBRbsB9_DnGyxF3sT
4-5 July 2017	CLASS Annual Conference	2	Officers	
4-6 July 2017	LGA Annual Conference & Exhibition	4	Officers, Committee/ Board Members	https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=68680&eventID=228&eventID=228
5 July 2017	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	Internal
12 July 2017	CIPFA Pensions Network – Governance in a changing environment	2	Officers	http://www.cipfa.org/training/g/governance-in-a-changing-environment-london
12-13 July 2017	CIPFA Annual Conference	4	Officers, Committee/ Board Members	http://cipfaannualconference.org.uk/home-cipfa-annual-conference-2017/
3 September 2017	Schroders Trustee Training – Advanced	2	Officers, Committee/ Board Members	http://www.schroders.com/en/uk/pensions/events/
7-8 September 2017	LGC Investment Summit 2017	4	Officers, Committee/ Board Members	https://investmentsummit.lgcplus.com/
4 October 2017	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	Internal
18-20 October 2017	PLSA Annual Conference and Exhibition	4	Officers, Committee/ Board Members	http://www.plsa.co.uk/Conferences_and_Seminars/Annual_Conference_And_Exhibition.aspx

Appendix 1 - Internal/External training and events 2017-18

Date	Event	Training Credits	Target Audience	Website Link
7 November 2017	UBS First steps seminar	2	Officers, Committee/ Board Members	https://www.ubs.com/uk/en/asset_management/institutional/client_events/steps_seminars.html
8 November 2017	Local Pension Board Seminar	2	Board Members	http://www.plsa.co.uk/Training/Pension-Practitioners/LGPS_Pension-Boards.aspx
21-22 November 2017	Pension Managers Annual Conference	4	Officers, Committee/ Board Members	http://southwest-ra.gov.uk/nqcontent.cfm?a_id=339&tt=swra&displayMode=PDF&eventStatus=list&eventAction=view&eventId=1271
22 November 2017	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	Internal
22 November 2017	UBS Second steps seminar	2	Officers, Committee/ Board Members	https://www.ubs.com/uk/en/asset_management/institutional/client_events/steps_seminars.html
6-8 December 2017	LAPFF Annual Conference	4	Officers, Committee/ Board Members	http://www.lapfforum.org/events/lapff-conference/
7 February 2018	LGSS Pensions Information Day	2	Officers, Committee/ Board Members	Internal

The list of training events will be updated as we become aware of definitive dates and new events. We will also continue to email details of the training events as soon as we are notified where we feel members of the Pension Committee, Investment Sub-Committee and Local Pension Board will benefit from attending.

CAMBRIDGESHIRE PENSION FUND



Pension Committee

Date: 19 October 2017

Report by: Head of Pensions

Subject:	Pensions for cohabiting partners without nomination (2008-2014)
Purpose of the Report	To present the committee with an update on a matter included within the Governance and Legislation Report presented at the 29 June 2017 meeting.
Recommendations	The Committee are asked to note the content of the report
Enquiries to:	Name – Jo Walton, Governance and Regulations Manager E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 Pension entitlement for surviving nominated cohabiting partners of members with active membership of the Local Government Pension Scheme in England and Wales (LGPS) on or after 1 April 2008 was introduced from that date.
- 1.2 The need for such members to nominate a cohabiting partner in order for them to be entitled to a survivor pension was removed for deaths on or after 1 April 2014.
- 1.3 Similar provisions were introduced for the Local Government Pension Scheme in Northern Ireland (LGPSNI) from 1 April 2009.
- 1.4 Ms Brewster, a surviving cohabiting partner of a member of the LGPSNI who died in December 2009 without having made a nomination, challenged the decision not to award her a survivor pension on the basis that the absolute requirement of nomination constituted unlawful discrimination.
- 1.5 On 8 February 2017 the Supreme Court gave their judgement in Ms Brewster's favour, concluding that the requirement for a nomination be disapplied, and that Ms Brewster was entitled to receive a survivor's pension under the scheme as she met all other qualifying criteria.
- 1.6 The judgement itself changed nothing for the LGPS. Government, however, had to consider what, if any, impact there should be for all public service pension schemes.

2. Details and position to the point of the Supreme Court Judgement

- 2.1 Prior to the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (the 2007 Regulations) coming into effect on 1 April 2008 there was no survivor pension provision for cohabiting partners in the event of the death of an LGPS member.
- 2.2 The 2007 Regulations extended survivor pension provision from spouses and civil partners to also include nominated cohabiting partners.
- 2.3 The extended provision did not apply to members that had left active membership of the LGPS prior to 1 April 2008 however, so long as they had active membership on or after that date, the provision applied to members that died while active, deferred or pensioner members.
- 2.4 Regulation 25 of the 2007 Regulations set out the meaning of nominated cohabiting partner. The full Regulation is reproduced in Appendix 1 for context, but in order for a cohabiting partner to be entitled to a pension upon a member's death, the following would all have to apply:
 - the member had nominated the partner to receive a survivor benefit
 - the nomination had been given to the administering authority and included a declaration, signed by both the member and the partner that "the condition" was satisfied and had been satisfied for a continuous period of at least 2 years
 - The nomination had effect when it was made and had not ceased to have effect, and
 - The surviving partner satisfies the administering authority that "the condition" was satisfied for a continuous period of at least 2 years immediately prior to the member's death.

"The condition" is as set out in subparagraph (3) of Regulation 25. All four aspects must be met for the condition to be satisfied, and they are:

- the member is able to marry, or form a civil partnership, with the partner,
 - they are living together as if they were husband and wife or as if they were civil partners,
 - neither is living with a third person as if they were husband and wife or as if they were civil partners, and
 - the member's partner is financially dependent on them, or they are financially interdependent.
- 2.5 Similar provisions came into effect for the Local Government Pension Scheme in Northern Ireland (LGPSNI) from 1 April 2009, and the nomination requirement aspect has been successfully challenged by Ms Brewster, a surviving cohabiting partner of a member, Mr McMullen, who died in December 2009 without having made a nomination.

- 2.6 Ms Brewster had challenged the decision of the Northern Ireland Local Government Officers' Superannuation Committee, the relevant administering body, not to award her a survivor's pension and applied for judicial review on the basis that the absolute requirement of nomination imposed upon unmarried partners as a condition of eligibility for a survivor's pension constituted unlawful discrimination contrary to Article 14 of the European Convention on Human Rights and Fundamental Freedoms when read in conjunction with article 1 of the First Protocol to the European Convention on Human Rights and Fundamental Freedoms.
- 2.7 On 8 February 2017 the Supreme Court gave their judgement in Ms Brewster's application for judicial review relating to the position for the LGPSNI. The conclusion was that the requirement in the 2009 Regulations that the member and the partner should have made a nomination be disapplied, and that Ms Brewster was entitled to receive a survivor's pension under the scheme as she met the other qualifying criteria.
- 2.8 The judgement did not directly affect the position for the LGPS in England and Wales or other Public Service Pension Schemes that had nomination requirements and therefore Government, and in particular HM Treasury, had to consider the impact of the judgement and any action that would be required.
- 2.9 As a result of changes to the LGPS from 1 April 2014, the potential impact in relation to the nomination requirement can only affect cases where a member died on a date between 1 April 2008 and 31 March 2014 (inclusive).
- 3. Position following the Supreme Court Judgement**
- 3.1 Without knowing where the Government would draw the lines regarding scope of any impact for the LGPS, no work to identify potential cases was undertaken by LGSS Pensions Service following the Judgement in favour of Ms Brewster.
- 3.2 A cohabiting partner of a member of the Cambridgeshire Fund who died while an active member in May 2011 without having made a nomination made contact with LGSS Pensions Service in February 2017, one week after the Supreme Court Judgement was given.
- 3.3 It was expected that the DCLG would be drafting amending legislation and/or issuing statutory guidance in due course once the Government position had been determined on the impact of the judgement, and this is what the potential beneficiary was told.
- 3.4 LGSS Pensions Service were routinely in contact with the Secretariat to the Local Government Pensions Committee to check on progress. DCLG were contacted directly on 25 April 2017, and on several occasions subsequently, in an attempt to establish the process being followed and when a resolution was to be expected; their responses were non-committal and cited the calling of the General Election as a factor delaying matters.
- 3.5 In May 2017 the cohabiting partner of the member that died in May 2011 made an application through her solicitors for adjudication of a disagreement under Stage 1 of the administering authority's Internal Dispute Resolution Procedure (IDRP) claiming that she should be awarded a survivor pension in light of the Supreme Court Judgement. Agreement was reached that the standard 2 month period for the adjudicator to make a decision be extended given that the matter was being considered by Government.

3.6 On 17 August 2017 Chris Megainey from Local Tax and Pensions at DCLG issued a letter headed 'Implications for the Local Government Pension Scheme of Brewster Decision'. This letter is reproduced in Appendix 2.

3.7 The letter said that it was intended to provide "some guidance" however was absolutely explicit that it constituted neither statutory guidance nor legal advice and should not be construed as such. It put forward that

"Most public sector pension schemes that have, or have had, such a nomination requirement for unmarried partners, are now taking the view that scheme managers can rely on this judgment and section 3 of the Human Rights Act 1998 as the legal basis for not requiring that a surviving adult partner be nominated in order to receive survivor benefits. This section of the Act provides that, as far as possible, regulations such as those covering the LGPS must be read and given effect in a way which is compatible with the European Convention on Human Rights. This approach is also being applied to applications which have previously been rejected. In these circumstances, schemes are also being encouraged not to require survivors to claim within any specific limitation period.

We consider that this approach is reasonable in the circumstances and that LGPS funds should give careful consideration to adopting a similar approach to relevant cases".

3.8 In light of the letter from DCLG providing suggestions rather than the statutory guidance or the definitive legislative way forward that was anticipated, LGSS Pensions Service sought independent legal advice on two specific questions on behalf of both the Cambridgeshire and Northamptonshire Funds:

1. Does section 3 of the Human Rights Act 1998 have the overriding effect of giving an administering authority the vires to award, and make payment from the fund it administers of a survivor's pension under Regulations 24, 33 or 36 of The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 to a person that has not been nominated but otherwise meets all other requirements to satisfy the meaning of "nominated cohabiting partner" as set out in Regulation 25?
2. Where no survivor's pension is payable to a surviving spouse, nominated cohabiting partner or civil partner, any child's pension is payable at a greater rate than would have been the case had a survivor's pension also been awarded. If a pension were now to be awarded retrospectively to a "nominated co-habiting partner" that had not been nominated, does the administering authority have the vires:
 - a) To reduce the current level of child's pension to the rate it would have been had the survivor's pension been awarded at the outset, and
 - b) Regardless of whether the child's pension is still in payment or has ceased, to seek recovery of the overpayment of child's pension.

3.9 LGSS Law sought advice from a barrister with a specialist pensions and employment law practice Outer Temple Chambers. They reported back Counsel's opinion to LGSS Pensions Service on the questions posed and the record of this is attached as Appendix 3.

- 3.10 The opinion received makes it clear that there is no statutory basis for making the award of a survivor's pension in the surviving cohabiting partner that had made contact, since there was no nomination in place, and this requirement is not altered by Section 3 of the Human Rights Act 1998, since that Section is counteracted in the case of public authorities by Section 6(2)(b). Section 6(1) and (2) of the Act read as follows:

“6 Acts of public authorities

- (1) It is unlawful for a public authority to act in a way which is incompatible with a Convention right.*
- (2) Subsection (1) does not apply to an act if--*
 - (a) as the result of one or more provisions of primary legislation, the authority could not have acted differently; or*
 - (b) in the case of one or more provisions of, or made under, primary legislation which cannot be read or given effect in a way which is compatible with the Convention rights, the authority was acting so as to give effect to or enforce those provisions.”*

- 3.11 Following receipt of this opinion, the Secretariat to the Local Government Pensions Committee were consulted by LGSS Pensions Service. It is understood that the Secretariat are considering how to take the matter forward with DCLG, potentially with the involvement of the Scheme Advisory Board.
- 3.12 LGSS Pensions Service also contacted DCLG, initially to ask if they would share the legal opinion that had led them to reference Section 3 of the Human Rights Act in their letter, but not the impact of Section 6. The request was refused.
- 3.13 Since independent legal advice has been obtained on behalf of the Cambridgeshire Fund which unequivocally states that the administering authority cannot make payment of a survivor's pension in the circumstances of the surviving cohabiting partner who had made the application under the IDRP within the terms of the legislation in place, and DCLG are not prepared to provide details that support an argument that this advice is not correct, the Head of Pensions as adjudicator made the stage 1 IDRP decision not to uphold the individual's appeal that she was now due a pension. The decision was notified in a letter dated 18 September 2017 and the individual has been told that if statutory provisions were to be put in place that alter the requirements that apply to her case, and others like it, the matter would of course be reviewed.
- 3.14 LGSS Pensions Service will continue to engage with the Secretariat to the Local Government Pensions Committee, and others as appropriate, in an attempt to resolve the position in a manner that meets what appears to be the Government's intention while not breaching the administering authority's statutory duty.

4. 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. <i>Objective 1</i>
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. <i>Objective 2</i>
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. <i>Objective 3</i>

5. Finance & Resources Implications

5.1 Not applicable

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Report to note no proposal contained within		N/A

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

Risk	Risk Rating
No risk – acting within the Local Government Pension Scheme Regulations	Green

7. Communication Implications

Direct Communications	None
Website	None

8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

9.1 Legal advice obtained from LGSS Law and from Outer Temple Chambers.

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

12. Appendices

- 12.1 Appendix 1 - Extract from The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- 12.2 Appendix 2 - DCLG letter from Chris Megainey 17 August 2017
- 12.3 Appendix 3 - Counsel's opinion obtained by LGSS Law from Lydia Seymour, Outer Temple Chambers.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
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?	Sent to Sarah Heywood – 29 September 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 22 September 2017
Has the Chairman of the Pension Fund Committee been consulted?	Sent to Councillor Hickford – 29 September 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 29 September 2017

Extract from:

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

Meaning of “nominated cohabiting partner”

25.—(1) “Nominated cohabiting partner” means a person nominated by a member in accordance with the terms of this regulation.

(2) A member (A) may nominate another person (B) to receive benefits under the Scheme by giving to his administering authority a declaration signed by both A and B that the condition in paragraph (3) has been satisfied for a continuous period of at least 2 years which includes the day on which the declaration is signed.

(3) The condition is that—

- (a) A is able to marry, or form a civil partnership with, B,
- (b) A and B are living together as if they were husband and wife or as if they were civil partners,
- (c) neither A nor B is living with a third person as if they were husband and wife or as if they were civil partners, and
- (d) either B is financially dependent on A or A and B are financially interdependent.

(4) But a nomination has no effect if the condition in paragraph (3) has not been satisfied for a continuous period of at least 2 years which includes the day on which the declaration is signed.

(5) A nomination ceases to have effect if—

- (a) either A or B gives written notice of revocation to the administering authority,
- (b) A makes a subsequent nomination under this regulation,
- (c) either A or B marries, forms a civil partnership or lives with a third person as if they were husband and wife or as if they were civil partners, or
- (d) B dies.

(6) B is A’s surviving nominated partner if—

- (a) the nomination has effect at the date of A’s death, and
- (b) B satisfies the administering authority that the condition in paragraph (3) was satisfied for a continuous period of at least 2 years immediately prior to A’s death.

(7) For the purposes of this regulation, two people of the same sex are to be regarded as living together as if they were civil partners if they would be regarded as living together as husband and wife if they were not of the same sex.

(8) In this regulation, “member” means an active member or a former active member who has become a deferred or pensioner member in accordance with these Regulations.



Department for Communities and Local Government

17 August 2017

Dear Pensions Manager

Implications for the Local Government Pension Scheme of Brewster Decision

A number of funds have been in touch now regarding the implications of the Supreme Court’s ruling earlier this year in the case of Brewster. This letter is intended to provide some guidance to those managing funds. It is not statutory guidance, as we have no power to issue statutory guidance on this point, and neither is it intended to be, and should not be construed as, legal advice. As you will appreciate, the correct interpretation of LGPS regulations is a matter for the courts and not government departments.

In the case of Denise Brewster, she successfully challenged the requirement in the Local Government Pension Scheme (Northern Ireland) that a surviving adult partner had to be formally nominated in order to be entitled to payment of survivor benefits. The Court ruled that this administrative requirement constituted unlawful discrimination and a breach of the European Convention on Human Rights. As the other underlying scheme conditions were met then it should be disapplied.

Most public sector pension schemes that have, or have had, such a nomination requirement for unmarried partners, are now taking the view that scheme managers can rely on this judgment and section 3 of the Human Rights Act 1998 as the legal basis for not requiring that a surviving adult partner be nominated in order to receive survivor benefits. This section of the Act provides that, as far as possible, regulations such as those covering the LGPS must be read and given effect in a way which is compatible with the European Convention on Human Rights. This approach is also being applied to applications which have previously been rejected. In these circumstances, schemes are also being encouraged not to require survivors to claim within any specific limitation period.

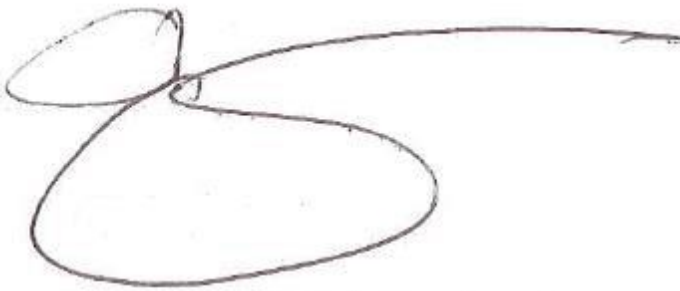
We consider that this approach is reasonable in the circumstances and that LGPS funds should give careful consideration to adopting a similar approach to relevant cases. In adopting this approach a fund accepts that a power to pay these benefits already exists in the LGPS regulations when read and given effect in a way which is compatible with Convention rights and that the tax status of them is no different from any other payments made under the scheme.

We suggest that LGPS funds should consider the following:

- Relevant cases will be those in the period between 2008 and 2014 when a “nominated cohabiting partner” test was applied to restrict survivor benefits. Any relevant case presenting now for a survivor’s pension, who can demonstrate that they were, at the point of their partner’s death, in a relationship with an LGPS member and met all the underlying conditions apart from the nomination requirement, should be awarded a survivor’s pension, appropriately backdated;
- Funds should take reasonable steps to identify cases where an application for a survivor’s pension was rejected for want of a nomination. Such cases should be reviewed to check whether there is evidence that the underlying conditions may have been met at the time and whether a survivor’s pension should now be considered;
- Where a new claim for a survivor’s pension is accepted but a child’s pension was being paid at the higher rate (due to an adult survivor’s pension not being paid) the fund should advise as soon as possible the recipient of the child’s pension that its intention would be to reduce it once the adult survivor pension is being paid;
- In these circumstances, technically there will have been an element of overpayment in the child’s pension. Decisions on whether to attempt recovery should be handled sensitively, having regard to the need to avoid hardship or injustice, the fund’s own policy on overpayments and general guidance on the appropriate use of public money;
- We expect that funds will not be able to offset overpayments of a child’s pension against the adult survivor’s benefits given that they are separate individual entitlements.

Some cases will inevitably raise complex issues and it is not possible to provide guidance on the application of the judgment in all circumstances. Accordingly, scheme managers should seek their own independent legal advice if they are in any doubt as to how to proceed.

Yours sincerely,

A handwritten signature in dark ink, consisting of a large, stylized 'C' followed by a horizontal line that curves upwards and then downwards, ending in a small loop.

Chris Megainey

Chris Megainey
Local Tax and Pensions
Department for Communities and Local Government
chris.megainey@communities.gsi.gov.uk
Tel : 0303 444 3145

LGSS Law Ltd**Attendance Note**

Matter Number : LGS007/140
Client : LGSS Employee Services Pension
Matter Description : IDRP - Advice re Death Benefit Nomination Form
Date & Time of Attendance: 22 August 2017 at
Duration of Attendance : 20 minutes
Other Parties : Lydia Seymour, Outer Temple Chambers

Details:

Telephone call from Counsel. The solution currently is simple. While the Supreme Court may well rule that the nomination requirement in previous regulations is incompatible with a convention right that does not in itself mean that the provision requiring a nomination form is invalid – that is Section 6(2)(b). Section 6(1) and (2) reads

6 Acts of public authorities

- (1) It is unlawful for a public authority to act in a way which is incompatible with a Convention right.
- (2) Subsection (1) does not apply to an act if--
 - (a) as the result of one or more provisions of primary legislation, the authority could not have acted differently; or
 - (b) in the case of one or more provisions of, or made under, primary legislation which cannot be read or given effect in a way which is compatible with the Convention rights, the authority was acting so as to give effect to or enforce those provisions.

It follows then that, while the Administering Authority has sympathy for the Appellant it cannot make any payment to them under the legislation as it stood at the time. The Administering Authority is however awaiting guidance from HM Treasury and is prepared to review the matter again depending of course upon what it says.

The wording of Section 6(2)(b) gives CCC a defence against any claim brought because there is no breach of statutory duty and no unlawful act which would be the subject of any claim for judicial review (which would be out of time anyway – such claims need to be brought promptly and certainly no later than 3 months from the act complained of)

Counsel went on to consider what would happen if HM Treasury decide to do something to help claimants for whom there was no nomination form. She said it will depend upon how they do it: -

- 1. The creation of ex gratia set of rights; or

2. Retrospectively rewriting the regulations. The latter is complicated for public sector pensions and will need the consent of affected persons under Public sector Pensions Act 2005 section 23.

As to claiming against bereaved beneficiaries for overpaid pension counsel described it as expensive, difficult unmeritous and unpalatable. An actuary should take a view on the prospects of that course.

Initials: RGM Date: 22 August 2017

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	LGSS Pensions Service Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Name – Michelle Oakensen – LGSS Pensions Governance Officer E-mail – moakensen@northamptonshire.gov.uk

1. Background

- 1.1 One of the core functions of the Pension Fund Board (the Local Pension Board) is to ensure the effective and efficient governance and administration of the Scheme. This report demonstrates a number of key areas of administration performance for consideration by the Pension Fund Board.

2. Administration Reporting

2.1 Receipt of Employee and Employer Contributions

- 2.1.1 The following table shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late (after the 19th of the month following deduction) for the period 1 August 2016 to 31 July 2017.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
August 2016	96.6	3.4	95.9	4.1
September 2016	97.1	2.9	97.3	2.7
October 2016	97.4	2.6	96.7	3.3
November 2016	98.0	2.0	96.8	3.2
December 2016	98.9	1.1	97.6	2.4

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
January 2017	98.0	2.0	95.0	5.0
February 2017	97.7	2.3	94.7	5.3
March 2017	98.0	2.0	94.4	5.6
April 2017	96.4	3.6	97.8	2.2
May 2017	97.7	2.3	91.7	8.3
June 2017	98.0	2.0	96.0	4.0
July 2017	95.3	4.7	94.3	5.7
Average for period	97.4	2.6	95.7	4.3

2.1.2 An analysis of late payments for the previous quarter can be found in **Appendix 1** of the report (**Private**).

2.1.3 Persistent late payments and submission of accompanying payment schedules are monitored closely and officers work in close liaison with scheme employers and third party payroll providers to resolve issues.

2.2 Overpayments of Pension

2.2.1 The table below shows all the overpayments of pension that have occurred, split by categories of explanation, during the period 1 June 2017 to 31 August 2017.

Overpayment Type	Action	Amount	Total
Death of a Pensioner/Dependant	Written off	£6,016.07 (85 cases)	£31,464.29 (111 cases)
	Recovery	£25,448.22 (26 cases)	
Retirement	Written off	£0	£0
	Recovery	£0	

*Total Pensioner Payroll for the 16/17 financial year was £63,156,723.11

2.2.2 During the period 1 June 2017 to 31 August 2017, 111 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late member's pension. Of the overpayments, 85 were automatically written off as the value of the overpayment was less than £250. The remaining 26 cases are currently being pursued for recovery of the overpayments.

2.2.3 In this period £139.26 has been recovered to date for the current financial year and £14,444.93 for the previous financial year across all overpayment types.

2.3 Key Performance Indicators – LGSS Pensions Service

2.3.1 The Pension Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions Service.

2.3.2 The performance against the key performance indicators for the period 1 June 2017 to 31 August 2017 are detailed in the table below.

KPI	Target	June	July	August
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%	100%	100%	100%
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%	95%	100%	99%
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	92%	96%	94%
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%	75%	75%	83%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	95%	96%	81%
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	95%	81%	100%	79%
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%	N/A	N/A	N/A
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%	N/A	N/A	98.9%*

*1.1% of statements were not issued due to employers failing to submit year end information prior to the absolute deadline.

2.3.3 The full analysis of data for the June, July and August statistics along with explanations on the lower than expected performance can be found in **Appendix 2** of this report.

2.4 Key Performance Indicators – Scheme Employer Performance

2.4.1 The following key performance indicators, as agreed by the Pension Committee, are based on the performance of the scheme's employers for the period 1 May 2017 to 31 July 2017 are detailed in the table below.

KPI	Target	May	June	July
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.	100%	97.4	98.0	95.3
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	100%	36.8*	N/A	N/A

**85.11% were received by 30 April 2017, however 48.29% of these were returned to respective employers as the quality of the data was inadequate.*

- 2.4.2 Employer performance continues to be managed by officers and progress continues to be made. Close liaison with employers in regards to the timely submission of both payments and schedules in order for them to meet statutory compliance.

3. Employer Admissions and Cessations

3.1 Admissions

New Scheduled Bodies

- 3.1.1 Regulation 3 (1) of the Regulations provides for a person employed by a body listed in Schedule 2 to be an active member of the Local Government Pension Scheme. Part 1 of Schedule 2 includes “a proprietor of an Academy” as being a class of Schedule 2 employer and therefore a Scheduled Body. There is no discretion on the administering authority or the employer as to whether or not employers in Schedule 2 are provided with access to the Fund; it is a requirement.
- 3.1.2 The LGPS Regulations recognise the proprietor of an Academy Trust as a scheme employer. Where academies are part of a Multi Academy Trust (MAT), the Trust is the scheme employer and not each individual Academy. Academies joining an existing MAT are not reported as they are therefore not recognised as new scheme employers.

Date	New Academy/Trust
01/06/2017	Astrea Academy Trust
01/08/2017	The Lime Trust
01/04/2017	Morris Education Trust
01/07/2017	Samuel Ward Academy Trust

- 3.1.3 The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.

New Admission Bodies

- 3.1.4 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.

Date	New Admission Body	Background information
01/04/2017	Solutions For Health	Peterborough City Council tendered and outsourced their Integrated Healthy Lifestyle Service. The staff transferred to Solutions For Health under TUPE regulations and were granted admitted body status. Solutions for Health will provide a bond in respect of insuring against liabilities from this admission which satisfies the requirements of the Fund's Admissions policy.

New Designating Bodies

- 3.1.6 Regulation 3 (1) of the Regulations provides for a person, who is employed by a body listed in Part 2 of Schedule 2 and is designated, or belongs to a class of employees that is designated, by the body, to be an active member of the Local Government Pension Scheme.
- 3.1.7 The designating body has to pass a resolution to designate employees as being eligible for membership of the Local Government Pension Scheme.

Date	New designating body
19/06/2017	Balsham Parish Council

3.2 Cessations

Peterborough Women's Aid

- 3.2.1 Peterborough Women's Aid were admitted to the fund under an transferee admission agreement, dated 1 April 2014, after entering into a contract to provide domestic abuse and sexual violence advocacy services on behalf of Peterborough City Council, which resulted in the transfer of one employee, under TUPE arrangements.
- 3.2.2 The admission agreement has now ceased following the last active member leaving the Scheme on 31 March 2017. All employee and employer pension contributions owing to the Fund have been paid. A cessation valuation is currently in progress to assess whether an exit payment is required. The liabilities are the responsibility of Peterborough Women's Aid and therefore any cessation payment will be pursued from the admitted body but the liabilities are guaranteed by Peterborough City Council which removes any risk to the Fund.

Lunchtime UK Ltd

- 3.2.3 Lunchtime UK Ltd were admitted to the Fund under a pass through admission agreement on 27 May 2015, after entering into a contract to provide catering services to Swaffham Prior Church of England Primary School. The contract resulted in a transfer of staff from the Local Authority maintained school, to Lunchtime UK Ltd, under TUPE arrangements.
- 3.2.4 The admission agreement has now ceased following the last active member leaving the Scheme on 13 January 2017. All employee and employer pension contributions owing to the Fund have been paid and as a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer. Therefore no cessation payment is required.

Innovate Services Ltd

- 3.2.5 Innovate Services Ltd were admitted to the Fund under a transferee admission agreement on 1 September 2008, after entering into a contract to provide cleaning services to Cromwell Community College which resulted in a transfer of staff from Cromwell Community College, to Innovate Services Ltd, under TUPE arrangements.
- 3.2.6 The admission agreement has now ceased due to the last active member, under this contract, ceasing employment on the 3 April 2017. All employee and employer pension contributions owing to the Fund have been paid. A cessation valuation is currently in progress to assess whether an exit payment is required. The liabilities are the responsibility of the admitted body, Innovate Services Ltd and therefore any cessation payment will be pursued from Innovate Services Ltd.

4. Relevant Pension Fund Objective

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. <i>Objective 1</i>
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. <i>Objective 2</i>
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. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

5. Finance & Resources Implications

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

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with managing the administration performance of the scheme.	Key areas of control to be reported to the Pension Committee and Pension Fund Board are highlighted in the Fund's Business Plan.	Green

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

Risk	Risk Rating
If the Fund does not monitor and report administration standards the Fund will not demonstrate that it has appropriate control over the management of its core functions.	Green

7. Communication Implications

Direct Communications	The Fund publishes its performance against the key performance indicators in the regular reports to the Pension Committee and Pension Fund Board and in the Fund's Annual Report.
------------------------------	---

8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

12. Appendices

- 12.1 Appendix 1 Late payments of employee and employer contributions (Private)
- 12.2 Appendix 2 Key performance indicators – LGSS Pensions Service

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
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?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 22 September 2017

Appendix 2 – Key Performance Indicator analysis for June, July and August								
June 2017								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	413	413	0	100%	G	SLA target met.
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%	75	71	4	95%	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	62	57	5	92%	A	Cases outside of SLA target are within the statutory target of 2 months. Cases outside of SLA target due development of new team members.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	168	126	42	75%	A	<p>Cases outside of SLA target are within the statutory target of 2 months.</p> <p>Cases outside of SLA target due to reduction in staffing levels, the development of new team members and the high volume of requests.</p>
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	68	64	4	95%	G	SLA target met.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	16	13	3	81%	A	<p>Cases outside of SLA target are within the statutory target of 3 months.</p> <p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p> <p>Cases outside of SLA target due to development of new team members.</p>

July 2017								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	464	464	0	100%	G	SLA target met.
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%	53	53	0	100%	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	46	44	2	96%	G	SLA target met.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	158	107	41	75%	A	Cases outside of SLA target are within the statutory target of 2 months. Cases outside of SLA target due to reduction in staffing levels, the development of new team members and the high volume of requests.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	27	26	1	96%	G	SLA target met.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	6	6	0	100	G	SLA target met.

August 2017								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	395	395	0	100%	G	SLA target met.
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%	116	115	1	99%	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	43	40	3	94%	A	Cases outside of SLA target are within the statutory target of 2 months. Cases outside of SLA target due to development of new team members

August 2017								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	178	147	31	83%	A	<p>Cases outside of SLA target are within the statutory target of 2 months.</p> <p>Cases outside of SLA target due to reduction in staffing levels, the development of new team members and the high volume of requests.</p> <p>These cases impacted by staff concentrating on the high levels of retirement benefits from active employment. Team have also been dealing with Annual Allowance.</p>
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	80	65	15	81%	A	<p>Cases outside of SLA target are within the statutory target of 2 months.</p> <p>Cases outside of SLA target due to development of new team members.</p>
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	24	19	5	79%	A	<p>Cases outside of SLA target are within the statutory target of 3 months.</p> <p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p>

Appendix 3 – The Key Performance Indicator RAG system.

Green:

- Equal to or above SLA target.

Amber:

- If there is a statutory target - below SLA target, but all within statutory target.
- If there is no statutory target - below SLA target, but number completed within target is within 10% of the SLA target.

Red:

- If there is a statutory target - below SLA target and all not within statutory target.
- If there is no statutory target - below SLA target and number completed within target is not within 10% of the SLA target.

**CAMBRIDGESHIRE
PENSION FUND**



Local Pension Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	Data Quality
Purpose of the Report	To present members of the Local Pension Board with information on how data quality will be assessed and rectified and the progress of data improvement projects already underway.
Recommendations	That the Local Pension Board notes the content of the report.
Enquiries to:	Name: Jo Walton – Governance and Regulations Manager Tel: 07342 065329 E-mail: jwalton@northamptonshire.gov.uk

1. Background

- 1.1 It is an essential that data held on scheme members is accurate and regularly reviewed.
- 1.2 The following legislation and guidance provides the legal requirement for pension schemes to hold accurate data.
 - 1.2.1 Pensions Act 2004 – section 249B (inserted by Schedule 4 of the Public Service Pensions Act 2013)
 - (1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed –*
 - (a) in accordance with the scheme rules and*
 - (b) in accordance with the requirements of the law*
 - 1.2.2 Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
 - (4) Retention of records of member and beneficiary information*
 - 1.2.3 Data Protection Act 1988 Schedule 1: The Data Protection Principles: Part I – The Principles
 - (4) Personal data shall be accurate and, where necessary, kept up to date.*
 - 1.2.4 The General Data Protection (GDPR) (Regulation (EU) 2016/679) Article 5: Principles relating to the processing of personal data

1(d) Personal data shall be: accurate and, where necessary kept up to date; every reasonable step must be taken to ensure that personal data they are inaccurate, having regard to the purposes for which they are processed are erased or rectified without delay.

- 1.2.5 The Pensions Regulator's code of practice: governance and administration of public service pension schemes – code 14 (April 2015)

Record-keeping – Failing to maintain complete and accurate records can affect the ability of your public service pension scheme to carry out basic functions. Accurate record-keeping is crucial in ensuring that benefits are paid correctly.

- 1.2.6 The Pensions Regulator's: Compliance and enforcement policy for public service pension schemes (June 2015) sets out who is responsible for ensuring accurate data (i.e. scheme managers, pension boards and administrators) and the consequences of failing to do so.

2. Importance of accurate data

- 2.1 Besides the legislative requirements to hold accurate data, the quality of membership data is essential for efficient administration of the Fund.

- 2.2 Failure to hold accurate data could lead to a number of serious consequences. Members may have their benefits calculated incorrectly causing inconvenience, discontent and reputational damage. Overpayments may prove irrecoverable.

- 2.3 Poor quality data can also delay bulk activities, such as the production of annual benefit statements. A lack of confidence in the scheme data may also lead to the Fund actuary making more conservative assumptions which could mean additional costs for scheme employers.

- 2.4 Good quality data has a number of positive benefits for the scheme:

- Data can be better understood and relied upon
- Reduced exceptions (less manual calculations)
- Increased KPI performance
- Options for self-service more deliverable
- Data becomes more portable (easier to migrate to other systems)
- Reduced risk of fraud

- 2.5 In the Pensions Regulator's record keeping guidance, two sets of data are highlighted as priority to be accurate and regularly reviewed. These sets of data are known as common and conditional data.

- 2.6 Common data is defined as data that all types of pension scheme should hold, regardless of its benefit structure and design. Common data should be 100% accurate. These data items are as follows:

- National insurance number
- Name
- Address

- Gender
- Start of pensionable service
- Retirement date
- Membership status
- Last status event

2.7 Conditional data is defined a scheme specific data and in respect of the LGPS are as detailed below, but not limited to:

- Scheme employer
- Contributions
- Membership of 80ths / 60ths / 49ths schemes
- Pension sharing orders / earmarking orders
- Pensionable pay / pensionable pay history
- Transfer in details
- Deferred benefit details
- Additional Voluntary / Regular / Pension Contribution details
- Expression of wish details
- Annual and lifetime allowance

3. Data quality assessment

- 3.1 In order to demonstrate compliance with the law in the area of data quality the Pensions Regulator will expect a data improvement plan to be produced based on an assessment of the quality of the existing data.
- 3.2 Regular checks of data quality are already undertaken by the fund most notably in year-end processes, the production of annual benefit statements and when benefits are calculated and put into payment.
- 3.3 A more holistic assessment of all data held by the Fund is required to ensure compliance with legislation and also to realise the benefits of accurate data as detailed in section 2.4 of this report.
- 3.4 In order to conduct such an assessment, LGSS Pensions are in the process of entering into a partnership with ITM Limited to produce a product that will perform an assessment of the data held on the pensions administration system and also the pensions payroll module.
- 3.5 ITM Limited are a data audit company who have considerable experience in conducting data audits within private sector pension schemes and are currently contracted to undertake stage two of the contracting out reconciliation in respect of this fund.
- 3.6 The assessment, undertaken by ITM Limited with data uploaded to a secure portal, will identify if common and/ or conditional data is missing, inaccurate or inconsistent.
- 3.7 In addition to common and conditional data, an assessment will be made on other relevant data that is critical to effective and accurate administration. A suite of reports will be produced to highlight areas requiring rectification and improvement from which a data improvement plan will be constructed.

- 3.8 The data improvement plan will contain areas of priority and target dates for completion. Progress against the plan will be reported to both the Pension Committee and Local Pension Board at each meeting.
- 3.9 It is intended that ITM Limited will be contracted to perform an analysis once every year for the next 3 years and the data improvement plan will be updated accordingly.

4. Next steps

- 4.1 As soon as the terms of the partnership arrangement have been agreed by both the County Council and ITM Limited work will begin to devise the specification for the data quality assessment product. This will be followed by the necessary testing to ensure the product is producing reliable output.
- 4.2 Once ITM Limited have carried out the assessment and provided officers with the findings a data improvement plan will be constructed and presented to the Local Pension Board for comments and then to the Pension Committee for approval.

5. Data improvement projects in progress

- 5.1 In the meantime it is important to note the LGSS Pensions are already undertaking two large scale data improvement projects. These projects are a detailed reconciliation of the pensioner payroll system against pension administration records and a reconciliation of the contracted-out membership data held by the scheme and that recorded by HMRC.
- 5.2 These projects are outlined in in section 6 and 7 of this report and will also feed into the final data improvement plan.

6. Pensioner payroll reconciliation

- 6.1 With effect from October last year, the pensioner payroll was moved away from the Council's Oracle payroll system to LGSS Pensions' Altair administration and payroll system. All pensioner members' payroll records were merged with their respective administration records.
- 6.2 Following on from this, it was considered necessary to ensure that the appropriate rate of pension is in payment and also to comply with the regulations in section 1 of this report on ensuring only accurate data is held.
- 6.3. An analysis of the pensioner administration system pension in payment compared with the pension physically in payment on the pensioner payroll was carried out with the potential variances greater than £100 per annum identified as detailed in the table below.

Potential Over/Underpayments	Number to be investigated
Underpayments £100+ pa	681
Overpayments £100+ pa	933
Total potential over/underpayments	1,614 of 17,303 pensions in payment

- 6.4 These variances are currently being investigated with progress as detailed in the table below. It is anticipated that the reconciliation stage of this project will complete by 31 December 2017 with the rectification stage commencing 1 January 2018.

Potential Over/Underpayments	Number investigated	Number of genuine over or under payments
Underpayments £100+ pa	493	184
Overpayments £100+ pa	324	80
Total potential over/underpayments	817	264

7. Contracting-out reconciliation

- 7.1 On 5 April 2016, the ability for defined benefit pension schemes to contract-out of the state second pension ceased upon the introduction of the new flat rate state pension with effect from 6 April 2016.
- 7.2 As such all UK pension schemes that were contracted out of the state second pension are advised to reconcile their individual member records with that held by HMRC by 31 December 2018 to ensure that schemes hold the correct period and amount of contracting-out liability.
- 7.3 Failure to ensure that the correct liability is held could expose schemes to a liability to pay a member, ex-member or their dependant, a pension that they aren't entitled or have previously extinguished (via a transfer of pension benefits to another scheme or a refund of contributions).
- 7.4 HMRC are operating a contracting-out reconciliation service that will run until 31 December 2018. After this date HMRC will no longer accept any amendments to their records and will write to all individuals and advise them of their period of contracted-out membership, its monetary value and which pension scheme is liable to pay pension benefits in respect of it.
- 7.5 An analysis of the extent to which data held by HMRC differs to that held by LGSS Pensions has been carried out by an external data audit company, ITM. The results of this analysis are detailed in the table below:

Scheme membership type	Number of cases to be reconciled	Number of cases reconciled	% of cases still to be reconciled
Active	31,567	21,052	33.4%
Deferred	30,778	13,509	56.2%
Pensioner	17,279	9,633	44.3%
Total	79,624	44,194	44.5%

- 7.6 It should also be noted that across the pensions industry most pension schemes are not planning to investigate a contracting-out liability that differs by less than £2 per week. This threshold has been applied to derive the numbers reported in section 7.5 of this report.

- 7.7 ITM are now progressing the reconciliation of data directly with HMRC. This stage of the project is due to complete by 31 December 2017. By this time ITM will have reconciled and agreed with HMRC the contracting-out period and the amount of liability in respect of this Fund.
- 7.8 The next stage will be for LGSS Pensions to calculate any over or underpayments that may be due in respect of previously holding an incorrect amount of contracting-out liability for scheme members whose pension is already in payment.
- 7.9 There will be a need to consider how overpayments are to be managed as a result of an incorrect amount of contracting-out liability previously being paid. LGSS Pensions will draft a revised overpayments of pensions policy, incorporating guidance issued by the Local Government Pensions Committee, to the Local Pension Board for comments and the Pension Committee for approval in December 2017.
- 7.10 The Local Pension Board will receive regular updates on how this reconciliation project is progressing via updates on the data improvement plan.

8. Finance & Resources Implications

- 8.1 The cost of engaging external support in achieving accurate data will be met from the administration budget.

9. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with ensuring that records held on members are accurate	N/A	Green

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

Risk	Risk Rating
Failure to ensure the records held are accurate would be a breach in the legislation detailed in section 1 of this report and could result in inaccurate benefits being paid.	Amber

10. Communication Implications

Direct communications	Members affected by an overpayment of pension will be managed in line with the Fund's policy on overpayments of pension.
------------------------------	--

11. Legal Implications

- 11.1 Failing to comply with the legislation detailed in section 1 of this report is a breach of the law, reportable to the Pensions Regulator.

12. Consultation with Key Advisers

- 12.1 LGSS Law have reviewed the terms of the partnership agreement with ITM Limited.

13. Alternative Options Considered

- 13.1 Other suppliers of data quality assessments were considered but did not offer the same flexibility, result reporting and value for money.

14. Background Papers

- 14.1 Not applicable

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 26 September 2017

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	Governance Policy & Governance Compliance Statement
Purpose of the Report	To present the revised Governance Policy & Governance Compliance Statement to the Pension Fund Board.
Recommendations	The Board are asked to note the attached Governance Policy and Governance Compliance Statement provided in the appendix to this report
Enquiries to:	Name – Jo Walton, LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

1. Background

- 1.1 It has been a requirement for the Administering Authority to publish a Governance Policy and Compliance Statement since the Local Government Pension Scheme (Administration) Regulations 2008 came into force.
- 1.2 The Governance Policy and Compliance Statement incorporates a statement on how compliant the Administering Authority is against a set of best practice principles issued by Communities and Local Government in 2008. The compliance statement is intended to ensure transparency, accountability and stakeholder involvement.
- 1.3 The requirement for the Administering Authority to publish a Governance Policy and Compliance Statement remained in the Local Government Pension Scheme Regulations 2013 the Council (under regulation 55) and the previous review was undertaken in May 2015.
- 1.4 The Administering Authority must keep the policy and statement under review and if revisions are made it should be published and a copy must be sent to the Secretary of State for Communities and Local Government. As such the policy has been reviewed in light of the changes to the constitution to include the Joint Committee and changes in responsibility to the Pension Fund Committee and Investment Sub-Committee.
- 1.5 It is also a statutory requirement that the Governance Policy and Compliance Statement be published in full in the Fund's Annual Report.

2. Scheme of Delegation

- 2.1 The Governance Policy and Compliance Statement has been updated to reflect the new scheme of delegation, which was changed to facilitate asset pooling. This was presented to Full Council on 28 March 2017.
- 2.2 The revised Governance Policy and Compliance Statement (2017) can be found in appendix one.
- 2.3 A document noting changes between the 2015 and 2017 versions of the Governance Policy and Compliance Statement can be found in appendix two.

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. <i>Objective 1</i>
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. <i>Objective 2</i>
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. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

4. Finance & Resources Implications

- 4.1 There are no financial or resource implications as a result of approving the Governance Policy and Compliance Statement.

5. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no associated risk as the Regulations instruct the Fund to have an up to date Governance and Compliance Statement.	Approval of the revised Governance Policy and Compliance Statement.	Green

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

Risk	Risk Rating
The Governance Policy and Compliance Statement if not approved will result in the Fund not being compliant with LGPS Regulations.	Green
The Governance Policy and Compliance Statement if not approved means that the Fund will have a significant lack of direction, control and structure in the management and governance of its business.	Green

6. Communication Implications

Website	The Governance Policy and Compliance Statement will be published on the Fund's website once approved by the Pension Fund Committee.
Communications	The Governance Policy and Compliance Statement will be sent to the Secretary of State for Communities and Local Government.

7. Legal Implications

- 7.1 Consideration has been given to the requirements of the Local Government Pension Scheme Regulations 2013 in drafting the Governance Policy and Compliance Statement.

8. Consultation with Key Advisers

- 8.1 For the particular updates to this version of the Governance Policy and Compliance Statement, there has been no consultation with the Fund's professional advisers.

9. Alternative Options Considered

- 9.1 There is no alternative but to update the Governance Policy and Compliance Statement at this time as the Local Government Pension Scheme Regulations are clear that this statement must be updated upon every material change.

10. Background Papers

- 10.1 The current Governance Policy and Compliance Statement as approved by the Pension Committee in June 2015 and can be found on the LGSS Pensions Service website at the following link;

<http://pensions.northamptonshire.gov.uk/wp-content/uploads/2015/08/CPF-Governance-Policy-and-Compliance-Statement-June-2015.pdf>

11. Appendices

- 11.1 Appendix One – Governance Policy and Compliance Statement (October 2017)
- 11.2 Appendix Two – Governance Policy and Compliance Statement (June 2015) – comparison document

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	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 22 September 2017

Cambridgeshire Local Government Pension Scheme (LGPS)

Governance Policy and Compliance Statement (October 2017)

Introduction

This Policy and Compliance Statement details the governance arrangements for the Cambridgeshire Pension Fund, which is maintained by Cambridgeshire County Council, as required by Regulation 53 of the Local Government Pension Scheme Regulations 2013.

Under Regulation 55 of that provision all LGPS Funds are required to produce a Governance Compliance Statement which must be published and revised upon any material change in delegation arrangements.

The statement must set out -

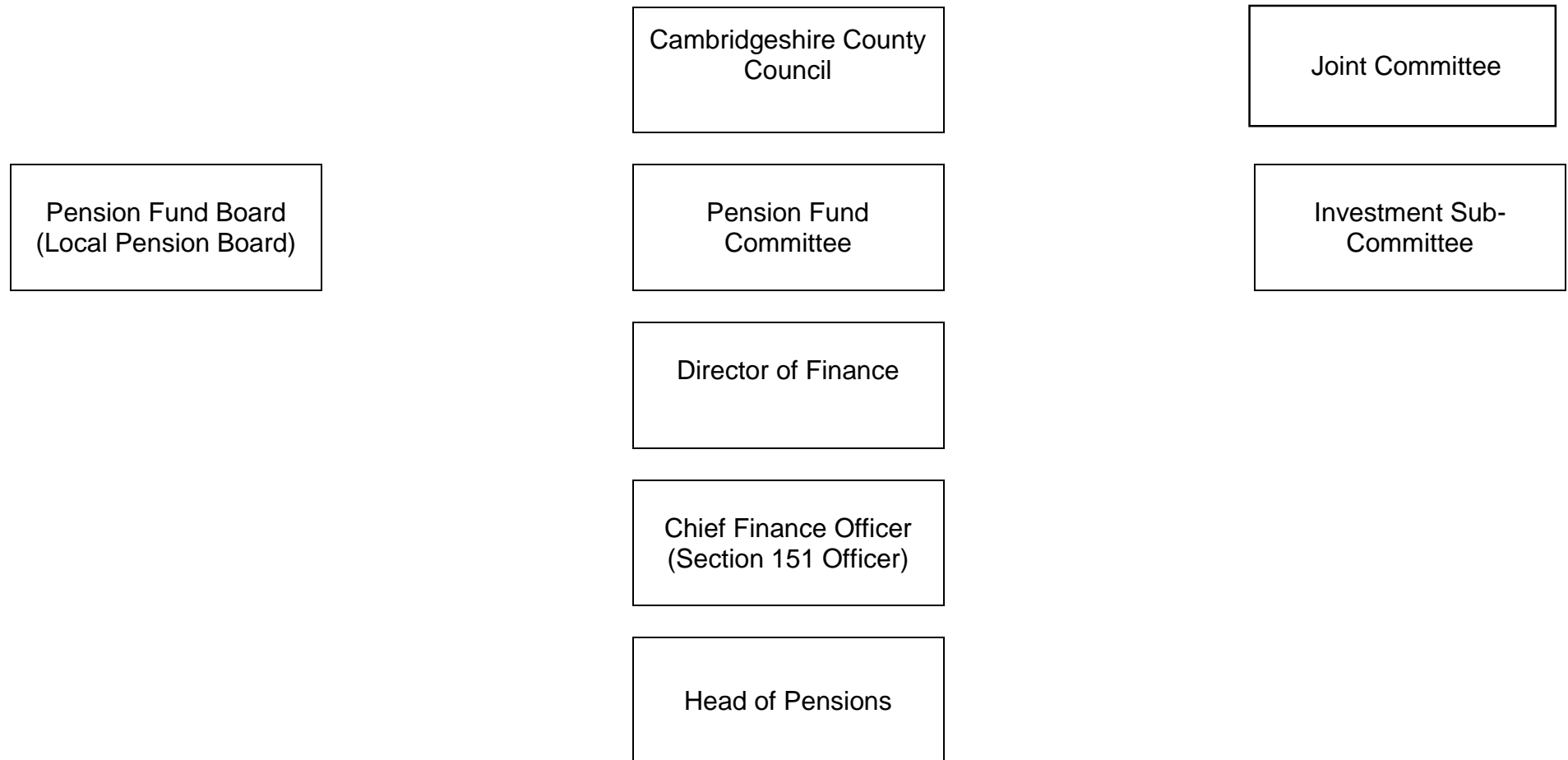
- (a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority:
- (b) if the authority does so –
 - (i) the terms, structure and operational procedures of the delegation,
 - (ii) the frequency of any committee or sub-committee meetings,
 - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
- (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- (d) details of the terms, structure and operational procedures relating to the local pension board established under Regulation 53(4)

Each administering authority must –

- (a) keep the statement under review and make such revisions as are appropriate, following a material change,
- (b) in preparing and reviewing the statement, consult such persons as it considers appropriate,
- (c) publish its statement and any revised statement.

Governance Structure

The Cambridgeshire Pension Fund governance structure is shown below.



Scheme of Delegations for the Cambridgeshire Pension Fund

Cambridgeshire County Council has delegated its functions in relation to the maintenance of the Cambridgeshire Pension Fund to its Committees and Local Pension Board as follows:

Pension Fund Committee

Power to set the Pension Fund's objectives and determine and maintain appropriate strategies, policies and procedures with ongoing monitoring in the following areas:

- Funding Strategy – ongoing monitoring and management of the liabilities including ensuring appropriate funding plans are in place for all employers in the Fund. Overseeing the triennial valuation and interim valuations and working with the actuary in determining the appropriate level of employer contributions for each employer.
- Investment Strategy – to determine the Fund's investment objectives and to set and review the long term high level investment strategy to ensure these are aligned with the Fund's specific liability profile and risk appetite and to oversee the delivery of the investment strategy by the ACCESS Joint Committee.
- Administration Strategy – the administration of the Fund including collecting payments due, calculating and paying benefits, gathering from and providing information to scheme members and employers.
- Communications Strategy – determining the methods of communications with the various stakeholders including scheme members and employers.
- Discretions – determining how the various administering authority discretions are operated for the Fund.
- Governance – the key governance arrangements for the Fund, including representation.
- Risk Management Strategy – to include regular monitoring of the Fund's key risks and agreeing how they are managed and/or mitigated.

Authority to approve and apply the policy on, and to take decisions relating to, employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.

Authority to agree the terms and payment of bulk transfers into and out of the Fund in consultation with the Section 151 Officer.

Authority to consider and agree business plans at least annually and monitor progress against them and to monitor compliance with the Myners Principles on an annual basis.

Appendix 1

Authority to develop and maintain a training policy for all Pension Fund Committee, Investment Sub-Committee and Pension Fund Board members and for all officers of the Fund, including:

- Determining the Fund's knowledge and skills framework;
- Identifying training requirements;
- developing training plans; and
- monitoring attendance at training events.

Authority to select, appoint, monitor and where necessary terminate advisers to the Fund not solely relating to investment matters.

Authority to agree the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.

Authority to consider and determine where necessary, alternative investment strategies for participating employers.

Authority to oversee the work of the Investment Sub-Committee and consider any matters put to them by the Investment Sub-Committee.

Authority to set up sub-committees and task and finish groups including jointly with other LGPS Administering Authorities.

Authority to review and amend strategic investment policies on an appropriate regular basis, in consultation with the Section 151 Officer.

Authority to manage any other strategic or key matters pertaining to the Fund not specifically listed above.

Production of an annual report for consideration by the Council.

In relation to pooled asset arrangements under the ACCESS Joint Committee:

Determining the requirements of the Administering Authority in relation to the provision of services by ACCESS to enable it to execute its investment strategy effectively.

Receiving and considering reports from the ACCESS Joint Committee in order to ensure that the Fund's investor rights and views are represented appropriately.

Ensuring arrangements are in place to identify and manage the risks and costs associated with investment pooling.

Investment Sub-Committee

Authority to implement the Fund's investment strategy including setting benchmarks and targets for the investment pool operator and reviewing performance against those benchmarks.

Authority to review and maintain the asset allocation of the Fund within parameters agreed with the Pensions Committee

Authority to appoint and terminate investment managers to the Fund and to monitor the performance of investment managers leading to review and decisions on termination where necessary where this is not undertaken by the ACCESS Joint Committee.

Authority to appoint and monitor and where necessary terminate external advisors and service providers solely relating to investment matters, for example, the Fund Custodian, independent investment advisers, investment consultants and investment managers where this is not undertaken by the ACCESS Joint Committee.

Authority to set benchmarks and targets for the Fund's investment managers where this is not undertaken by the ACCESS Joint Committee.

Authority to monitor the risks inherent in the Fund's investment strategy in relation to the Fund's funding level.

Authority to monitor and review:

- Legislative, financial and economic changes relating to investments and their potential impact on the Fund;
- The investment management fees paid by the Fund and to implement any actions deemed necessary;
- The transactions costs incurred by the Fund across its investment mandates and raise relevant issues and concerns with the investment providers as necessary;
- The investment provider's adoption of socially responsible investment considerations, on an annual basis, including corporate governance matters and a review of compliance with the UK Stewardship Code.

Authority to receive reports from investment providers.

Authority to undertake any task as delegated by the Pension Committee.

Pension Fund Board (Local Pension Board)

Authority to assisting the Administering Authority to secure compliance with:

- the Principal 2013 Regulations;
- other legislation relating to the governance and administration of the LGPS; and
- the requirements imposed by the Pensions Regulator in relation to the LGPS

Authority to assist the Administering Authority in ensuring effective and efficient governance and administration of the LGPS (including funding and investments).

Joint Committee

The Joint Committee shall exercise functions delegated by the Council, these functions include:

- The procurement, appointment and management of the operator for assets pooled under the joint arrangement;
- The appointment of professional advisors as required for the effective management of asset pools pooled under the joint arrangement;
- Functions related to the management of pooled assets;
- Functions concerning pool aligned assets; and
- Functions relating to the development of the annual business plan and budget relating to the management of assets pooled under the joint arrangement.

Authority to decide, in consultation with the Pensions Committee, the specification of services and functions that the operator will be required to deliver, including the sub-funds and classes of investments required to enable the Council to execute its investment strategy.

Authority to agree the method and process for the procurement and selection of the operator and to select an operator.

Responsibility for reviewing the performance of the operator and making arrangements to ensure that the Committee is provided with regular and sufficient reports from the Officer Working Group to enable it to do so including but not limited to:

- a) The performance of the operator against its contractual requirements and any other performance measures such as any Service Level Agreements (SLA) and key performance indicators (KPIs) and Officer Working Group recommendations on any remedial action;
- b) Sub-fund investment performance;
- c) Investment and operational costs;
- d) Performance against the strategic business plan agreed by Councils

Responsibility for making decisions on the termination or extension of the operator contract.

Authority to determine any other action to be taken to manage the operator contract including the giving of any instruction or the making of any recommendation to the operator including, but not restricted to, recommendations on investment managers (within any regulatory constraints that may apply).

Authority to appoint such professional advisors on such terms as the committee sees fit. Any procurement of advisors must comply with the Constitution of the Host Authority.

Functions in relation to management of Pool Assets, including making recommendations to the Council on the strategic plan for the transition of assets that are to be pooled.

Functions in relation to pool aligned assets, including reporting to the Council's about pool aligned assets (including proposals concerning the migration of investments – such as passive investments via life fund policies – to become Pool Aligned Assets).

Authority and duties related to business planning and budgeting of joint arrangements, including:

- 1) Reporting to the Council (through the Pensions Committee) about the annual strategic business plan for the Pool;
- 2) Determination of the budget necessary to implement that plan and meet the expenses of undertaking the specified functions;
- 3) Responsibility for reviewing the structure of the pooled arrangements and making recommendations to the Council about:
 - a) The future of the pool,
 - b) Any changes to the inter authority agreement; and
 - c) The merits of continuing to procure operator services by means of a third party or by creation of an operator owned by the council party to the inter authority agreement.

Responsibility for reviewing the pool at least eighteen months prior to the expiry of each operator contract.

Statutory Functions –

Each authority is responsible for assigning the roles of Monitoring Officer and Chief Financial Officer to specific posts within their structures. These roles may be designated to LGSS officers but this need not be the case. For this reason, the powers and duties associated with these roles have been separated from those allocated to LGSS Officer.

The posts to which these roles are designated are set out in each authority's articles.

Director of Finance

Responsibility for the operational management of the Shared Services within the remit of the Pensions Service and in accordance with the requirements of the Pension Committee and Investment Sub-Committee, including authority to determine the number, grade, title and nature of staff deployed and all other terms and conditions.

Chief Finance Officer (Section 151 Officer)

To determine all future applications to join CCC's superannuation fund as an admitted body after consultation with the Chairman/woman of the Pension Committee.

To determine any applications to CCC for recommencement of the payment of a widow's pension.

To determine future applications to CCC for the early payment of deferred pension rights.

To exercise discretion as to whom any lump sum death grant should be paid from the CCC Pension Fund.

Detailed implementation of the investment strategy as determined by the Pension Fund Committee and the issuing of any instructions to investment managers consistent with the strategy or required as a matter of urgency to safeguard CCC's/the Fund's position.

To agree any whole fund parameters and assumptions used by the Actuary for the triennial valuation and the phasing of any changes to employer contribution rates after consultation with the Chairman/woman of the Pension Fund Committee.

The Pension Fund Committee

The Pension Fund Committee is composed as follows:

Representing	No.	Term of Office	Method of appointment
Cambridgeshire County Council	6	4 years from County Council elections	Determined by Cambridgeshire County Council Full Council.
All other Local Authorities, Police and Fire	2	4 years	Nominations determined by a leaders/chief executives group. Selection will be linked to the election cycle. Details of the process to be agreed by the Chairman/woman.
All other employers	1	4 years	Nominations to be determined by eligible employers. Details of the process to be agreed by the Chairman/woman.
Active Scheme Members	1	4 years	Determined by Unison. Where Unison fails to nominate a representative for any period of 6 months or more, nominations will be requested from all eligible active members and a representative will be picked following interviews. Details of process to be agreed by the Chairman/woman.
Deferred and Pensioner Scheme Members	1	4 years	Determined by Unison. Where Unison fails to nominate a representative for any period of 6 months or more, nominations will be requested from all eligible deferred and pensioner members and a representative will be picked following interviews. Details of process to be agreed by the Chairman/woman.
Total	11		

The Chairman/woman and Vice Chairman/woman of the Pension Fund Committee shall be elected by the Pension Fund Committee.

Full Council may appoint substitute members to the Pension Fund Committee in accordance with the scheme of substitution. Similarly, substitutes for the representatives of all other employers and of Scheme members may be appointed by eligible employers and Unison respectively.

All members and representatives have equal voting rights.

The Pension Fund Committee is supported in the execution of its responsibilities by staff from LGSS Pensions (a shared service formed from the joint partnership of

Cambridgeshire County Council and Northamptonshire County Council). The Committee is also supported by professional advisers such e.g. the Fund Actuary.

The Board meets four times a year with an additional Annual General Meeting in July. Additional Task and Finish Groups can meet as necessary to consider and report on matters that require further consideration.

The Investment Sub-Committee

The Investment Sub-Committee is composed as follows:

Representing	No.	Term of Office	Method of appointment
Cambridgeshire County Council	4	4 years from County Council elections	Determined by Cambridgeshire County Council Full Council. Details of process to be agreed by the Chairman/woman.
All other employers	2	Up to term of office ceasing in accordance with Board membership or six years, whichever is later	Determined by non-Cambridgeshire County Council employer representatives on the Committee. Details of process to be agreed by the Chairman/woman.
Scheme members	1	Up to term of office ceasing in accordance with Board membership or six years, whichever is later	By agreement between active and deferred pensioner representatives on the Committee. Details of the process to be agreed by the Chairman/woman.
Total	7		

All Investment Sub-Committee members shall be drawn from Pension Fund Committee membership. The Chairman/woman and Vice Chairman/woman of the Investment Sub-Committee shall be the Chairman/woman and Vice Chairman/woman of the Pension Fund Committee respectively.

All members and representatives have equal voting rights.

The Pension Fund Committee may appoint substitute members to the Investment Sub-Committee in accordance with the scheme of substitution. Similarly, substitutes for the representatives of all other employers and of Scheme members may be appointed by eligible employers and Unison respectively.

Appendix 1

The Investment Sub-Committee is supported in the execution of its responsibilities by an institutional investment adviser.

The Investment Sub-Committee meets four times a year.

In addition special meetings of the Investment Sub-Committee are held when required for the discharge of its functions in regard to such matters as the selection and appointment of investment managers.

The Pension Fund Board (Local Pension Board)

The Pension Fund Board is composed as follows:

Representing	No.	Term of Office	Method of Appointment
Scheme Employers	3	4 years or until qualification for membership ceases	At least two representatives to be appointed by Cambridgeshire County Council Full Council. One representative appointed via an open and transparent selection process.
Scheme Members	3	4 years or until qualification for membership ceases	To be appointed via an open and transparent selection process.
Total	6		

The Pension Fund Board has no decision making powers.

The Chairman/woman and Vice Chairman/woman of the Board shall be elected

There are no substitute members.

The Pension Fund Board meets at least twice per year.

The Pension Fund Board reports its activities at the end of each financial year to full Council.

The Joint Committee

The Joint Committee consists of one elected councillor appointed by each Council. The member so appointed must, at the time of the appointment, be an elected councillor serving as a member of the Committee of a Council which discharges the duties the functions of that Council as pension administering authority.

Each Council may appoint a substitute. Any substitute must meet the eligibility requirements in paragraph 1. The substitute may attend any meeting of the Joint Committee or any of its sub-Committees in place of that authority's principal member

Appendix 1

if notice that the substitute will attend is given to the Secretary of the Joint Committee by the Council concerned.

The Joint Committee meet at least four times each year.

The quorum of a meeting is at least 8 members who are entitled to attend and vote.

Each elected member has one vote.

Governance Compliance Statement

This section sets out the extent to which Cambridgeshire Pension Fund governance arrangements are compliant with the latest guidance issued by the Secretary of State for Communities and Local Government;

Principle	Not Compliant	Partially Compliant	Fully Compliant
A. Structure			
(a) the Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.			✓
(b) that representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.			✓
(c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels.			✓
(d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.			✓
B. Representation			
(a) that all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include;			✓
(i) employing authorities (including non-scheme employers (e.g. admitted bodies)			✓
(ii) scheme members (including deferred and pensioner scheme members)			✓
(iii) independent professional observers			✓
(iv) expert advisers			✓
(b) that where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.			✓
C. Selection and role of lay members			
(a) that committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee			✓
(b) that at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.			✓

D. Voting			
(a) the policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.			✓
E. Training/Facility time/Expenses			
(a) that in relation to the way in which statutory and related decisions are taken by the Administering Authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.			✓
(b) that where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.			✓
F. Meetings (frequency/quorum)			
(a) that the Administering Authority's main committee or committees meet at least quarterly.			✓
(b) that an Administering Authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.			✓
(c) that Administering Authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders be represented.			N/A
G. Access			
(a) that subject to any rules in the councils constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.			✓
H. Scope			
(a) that administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.			✓
I. Publicity			
(a) that administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.			✓

Appendix 2

Cambridgeshire Local Government Pension Scheme (LGPS)

Governance Policy and Compliance Statement (~~May 2015~~October 2017)

Introduction

This Policy and Compliance Statement details the governance arrangements for the Cambridgeshire Pension Fund, which is maintained by Cambridgeshire County Council, as required by Regulation 53 of the Local Government Pension Scheme Regulations 2013.

Under Regulation 55 of that provision all LGPS Funds are required to produce a Governance Compliance Statement which must be published and revised upon any material change in delegation arrangements.

The statement must set out -

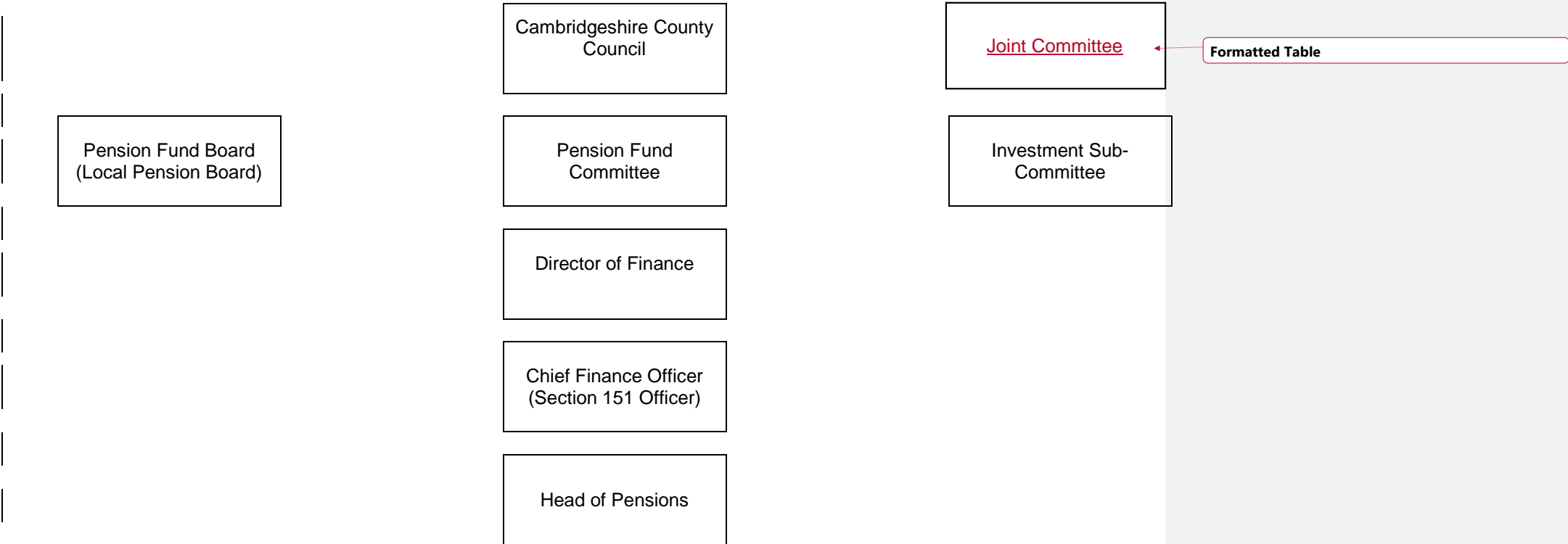
- (a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority:
- (b) if the authority does so –
 - (i) the terms, structure and operational procedures of the delegation,
 - (ii) the frequency of any committee or sub-committee meetings,
 - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
- (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- (d) details of the terms, structure and operational procedures relating to the local pension board established under Regulation 53(4)

Each administering authority must –

- (a) keep the statement under review and make such revisions as are appropriate, following a material change,
- (b) in preparing and reviewing the statement, consult such persons as it considers appropriate,
- (c) publish its statement and any revised statement.

Governance Structure

The Cambridgeshire Pension Fund governance structure is shown below.



Scheme of Delegations for the Cambridgeshire Pension Fund

Cambridgeshire County Council has delegated its functions in relation to the maintenance of the Cambridgeshire Pension Fund to its Committees and Local Pension Board as follows:

Pension Fund Committee

Power to set the Pension Fund's objectives and determine and maintain appropriate strategies, ~~polices~~policies and procedures with ongoing monitoring in the following areas:

- Funding Strategy – ongoing monitoring and management of the liabilities including ensuring appropriate funding plans are in place for all employers in the Fund. Overseeing the triennial valuation and interim valuations and working with the actuary in determining the appropriate level of employer contributions for each employer.
- Investment Strategy – to determine the Fund's investment objectives and to set and review the long term high level investment strategy to ensure these are aligned with the Fund's specific liability profile and risk appetite and to oversee the delivery of the investment strategy by the ACCESS Joint Committee.
- Administration Strategy – the administration of the Fund including collecting payments due, calculating and paying benefits, gathering from and providing information to scheme members and employers.
- Communications Strategy – determining the methods of communications with the various stakeholders including scheme members and employers.
- Discretions – determining how the various administering authority discretions are operated for the Fund.
- Governance – the key governance arrangements for the Fund, including representation.
- Risk Management Strategy – to include regular monitoring of the Fund's key risks and agreeing how they are managed and/or mitigated.

Authority to approve and apply the policy on, and to take decisions relating to, employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.

Authority to agree the terms and payment of bulk transfers into and out of the Fund in consultation with the Section 151 Officer.

Authority to consider and agree business plans at least annually and monitor progress against them and to monitor compliance with the ~~Myner's~~Myners Principles on an annual basis.

Formatted Table

Appendix 2

Authority to develop and maintain a training policy for all Pension Fund Committee, Investment Sub-Committee and Pension Fund Board members and for all officers of the Fund, including:

- Determining the Fund's knowledge and skills framework;
- Identifying training requirements;
- developing training plans; and
- monitoring attendance at training events.

Authority to select, appoint, monitor and where necessary terminate advisers to the Fund not ~~solely~~ relating to investment matters.

Authority to agree the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.

Authority to consider and determine where necessary, alternative investment strategies for participating employers.

Authority to oversee the work of the Investment Sub-Committee and consider any matters put to them by the Investment Sub-Committee.

Authority to set up sub-committees and task and finish groups including jointly with other LGPS Administering Authorities.

Authority to review and amend strategic investment policies on an appropriate regular basis, in consultation with the Section 151 Officer.

~~Authority to review and amend the Statement of Investment Principles on an annual basis, in consultation with the Section 151 Officer.~~

Authority to manage any other strategic or key matters pertaining to the Fund not specifically listed above.

Formatted Table

Production of an annual report for consideration by the Council.

Formatted: Indent: First line: 0.25 cm

In relation to pooled asset arrangements under the ACCESS Joint Committee:

Determining the requirements of the Administering Authority in relation to the provision of services by ACCESS to enable it to execute its investment strategy effectively.

Receiving and considering reports from the ACCESS Joint Committee in order to ensure that the Fund's investor rights and views are represented appropriately.

Ensuring arrangements are in place to identify and manage the risks and costs associated with investment pooling.

Formatted Table

Investment Sub-Committee

Authority to implement the Fund's investment strategy including setting benchmarks and targets for the investment pool operator and reviewing performance against those benchmarks.

Authority to review and maintain the ~~detailed~~ asset allocation of the Fund within parameters agreed with the ~~Pension Fund~~Pensions Committee.

Authority to appoint and terminate investment managers to the Fund and to monitor the performance of investment managers leading to review and decisions on termination where necessary where this is not undertaken by the ACCESS Joint Committee.

Authority to appoint and monitor and where necessary terminate external advisors and service providers solely relating to investment matters, for example, the Fund Custodian, independent investment advisers, investment consultants and investment managers where this is not undertaken by the ACCESS Joint Committee.

Authority to set benchmarks and targets for the Fund's investment managers where this is not undertaken by the ACCESS Joint Committee.

Authority to monitor the risks inherent in the Fund's investment strategy in relation to the Fund's funding level.

~~Authority to determine operational matters such as rebalancing and the most appropriate methodology for asset transitions within parameters agreed by the Pension Fund Committee.~~

Appendix 2

Authority to monitor and review:

- Legislative, financial and economic changes relating to investments and their potential impact on the Fund;

~~1. The investment management fees paid by the Fund and to implement any actions deemed necessary;~~

~~2. The transactions costs incurred by the Fund across its investment mandates and raise relevant issues and concerns with the investment ~~managers~~providers as necessary;~~

~~3. The investment ~~managers'~~provider's adoption of socially responsible investment considerations, on an annual basis, including corporate governance matters and a review of compliance; ~~and with the UK Stewardship Code.~~~~

Authority to receive reports from investment providers.

- ~~with the UK Stewardship Code.~~

~~Authority to receive reports on Interim Manager meetings and other operational meetings.~~

Authority to undertake any task as delegated by the Pension ~~Fund~~ Committee.

~~Authority to refer any matter to the Pension Fund Committee as they consider appropriate.~~

~~Authority to provide minutes and such other information to the Pension Fund Committee as they may request from time to time.~~

Pension Fund Board (Local Pension Board)

Authority to assisting the Administering Authority to secure compliance with:

- the Principal 2013 Regulations;
- other legislation relating to the governance and administration of the LGPS; and
- the requirements imposed by the Pensions Regulator in relation to the LGPS

Authority to assist the Administering Authority in ensuring effective and efficient governance and administration of the LGPS (including funding and investments).

Formatted Table

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0 cm + Indent at: 0.63 cm, Tab stops: Not at 1.27 cm

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0 cm + Indent at: 0.63 cm, Tab stops: Not at 1.27 cm

Formatted: Normal, Bulleted + Level: 1 + Aligned at: 0 cm + Indent at: 0.63 cm, Tab stops: Not at 1.27 cm

Formatted: Normal, Indent: Left: 1 cm

Formatted Table

Formatted: Strikethrough

Formatted Table

Appendix 2

Joint Committee

The LGPS Joint Committee shall exercise functions delegated by the Council, these functions include:

- The procurement, appointment and management of the operator for assets pooled under the joint arrangement;
- The appointment of professional advisors as required for the effective management of asset pools pooled under the joint arrangement;
- Functions related to the management of pooled assets;
- Functions concerning pool aligned assets; and
- Functions relating to the development of the annual business plan and budget relating to the management of assets pooled under the joint arrangement.

Authority to decide, in consultation with the Pensions Committee, the specification of services and functions that the operator will be required to deliver, including the sub-funds and classes of investments required to enable the Council to execute its investment strategy.

Authority to agree the method and process for the procurement and selection of the operator and to select an operator.

Responsibility for reviewing the performance of the operator and making arrangements to ensure that the Committee is provided with regular and sufficient reports from the Officer Working Group to enable it to do so including but not limited to:

- a) The performance of the operator against its contractual requirements and any other performance measures such as any Service Level Agreements (SLA) and key performance indicators (KPIs) and Officer Working Group recommendations on any remedial action;
- b) Sub-fund investment performance;
- c) Investment and operational costs;
- d) Performance against the strategic business plan agreed by Councils

Responsibility for making decisions on the termination or extension of the operator contract.

Authority to determine any other action to be taken to manage the operator contract including the giving of any instruction or the making of any recommendation to the operator including, but not restricted to, recommendations on investment managers (within any regulatory constraints that may apply).

Authority to appoint such professional advisors on such terms as the committee sees fit. Any procurement of advisors must comply with the Constitution of the Host Authority.

Functions in relation to management of Pool Assets, including making recommendations to the Council on the strategic plan for the transition of assets that are to be pooled.

Appendix 2

Functions in relation to pool aligned assets, including reporting to the Council's about pool aligned assets (including proposals concerning the migration of investments – such as passive investments via life fund policies – to become Pool Aligned Assets).

Authority and duties related to business planning and budgeting of joint arrangements, including:

- 1) Reporting to the Council (through the Pensions Committee) about the annual strategic business plan for the Pool;
- 2) Determination of the budget necessary to implement that plan and meet the expenses of undertaking the specified functions;
- 3) Responsibility for reviewing the structure of the pooled arrangements and making recommendations to the Council about:
 - a) The future of the pool,
 - b) Any changes to the inter authority agreement; and
 - c) The merits of continuing to procure operator services by means of a third party or by creation of an operator owned by the council party to the inter authority agreement.

Responsibility for reviewing the pool at least eighteen months prior to the expiry of each operator contract.

Statutory Functions –

Each authority is responsible for assigning the roles of Monitoring Officer and Chief Financial Officer to specific posts within their structures. These roles may be designated to LGSS officers but this need not be the case. For this reason, the powers and duties associated with these roles have been separated from those allocated to LGSS Officer.

The posts to which these roles are designated are set out in each authority's articles.

Director of Finance

Responsibility for the operational management of the Shared Services within the remit of the Pensions Service and in accordance with the requirements of the Pension ~~Fund~~ Committee and Investment Sub-Committee, including authority to determine the number, grade, title and nature of staff deployed and all other terms and conditions.

Chief Finance Officer (Section 151 Officer)

To determine all future applications to join CCC's superannuation fund as an admitted body after consultation with the Chairman/woman of the Pension ~~Fund~~ Committee.

Formatted Table

Formatted: Indent: First line: 0.06 cm

Formatted: Indent: First line: 0.06 cm

Formatted Table

Appendix 2

To determine any applications to CCC for recommencement of the payment of a widow's pension.

To determine future applications to CCC for the early payment of deferred pension rights.

To exercise discretion as to whom any lump sum death grant should be paid from the CCC Pension Fund.

~~The granting of applications to CCC for early payment of benefits on or after age 50 and before age 60.~~

Detailed implementation of the investment strategy as determined by the Pension Fund Committee and the issuing of any instructions to investment managers consistent with the strategy or required as a matter ~~ex of~~ urgency to safeguard CCC's/the Fund's position.

To agree any whole fund parameters and assumptions used by the Actuary for the triennial valuation and the phasing of any changes to employer contribution rates after consultation with the Chairman/woman of the Pension Fund Committee.

Formatted Table

Formatted: Font color: Custom Color(RGB(17,17,17)), , Highlight

Formatted: Space Before: Auto, After: 18 pt

Appendix 2

The Pension Fund Committee

The Pension Fund Committee is composed as follows:

Representing	No.	Term of Office	Method of appointment
Cambridgeshire County Council	6	4 years from County Council elections	Determined by Cambridgeshire County Council Full Council.
All other Local Authorities, Police and Fire	2	4 years	Nominations determined by a leaders/chief executives group. Selection will be linked to the election cycle. Details of the process to be agreed by the Chairman/woman.
All other employers	1	4 years	Nominations to be determined by eligible employers. Details of the process to be agreed by the Chairman/woman.
Active Scheme Members	1	4 years	Determined by Unison. Where Unison fails to nominate a representative for any period of 6 months or more, nominations will be requested from all eligible active members and a representative will be picked following interviews. Details of process to be agreed by the Chairman/woman.
Deferred and Pensioner Scheme Members	1	4 years	Determined by Unison. Where Unison fails to nominate a representative for any period of 6 months or more, nominations will be requested from all eligible deferred and pensioner members and a representative will be picked following interviews. Details of process to be agreed by the Chairman/woman.
Total	11		

Formatted Table

The Chairman/woman and Vice Chairman/woman of the Pension Fund Committee shall be elected by the Pension Fund Committee.

Full Council may appoint substitute members to the Pension Fund Committee in accordance with the scheme of substitution. Similarly, substitutes for the representatives of all other employers and of Scheme members may be appointed by eligible employers and Unison respectively.

All members and representatives have equal voting rights.

The Pension Fund Committee is supported in the execution of its responsibilities by staff from LGSS Pensions (a shared service formed from the joint partnership of

Appendix 2

Cambridgeshire County Council and Northamptonshire County Council). The Committee is also supported by professional advisers such e.g. the Fund Actuary.

The Board meets four times a year with an additional Annual General Meeting in July. Additional Task and Finish Groups can meet as necessary to consider and report on matters that require further consideration.

The Investment Sub-Committee

The Investment Sub-Committee is composed as follows:

Representing	No.	Term of Office	Method of appointment
Cambridgeshire County Council	4	4 years from County Council elections	Determined by Cambridgeshire County Council Full Council. Details of process to be agreed by the Chairman/woman.
All other employers	2	Up to term of office ceasing in accordance with Board membership or six years, whichever is later	Determined by non-Cambridgeshire County Council employer representatives on the Committee. Details of process to be agreed by the Chairman/woman.
Scheme members	1	Up to term of office ceasing in accordance with Board membership or six years, whichever is later	By agreement between active and deferred pensioner representatives on the Committee. Details of the process to be agreed by the Chairman/woman.
Total	7		

Formatted Table

All Investment Sub-Committee members shall be drawn from Pension Fund Committee membership. The Chairman/woman and Vice Chairman/woman of the Investment Sub-Committee shall be the Chairman/woman and Vice Chairman/woman of the Pension Fund Committee respectively.

All members and representatives have equal voting rights.

The Pension Fund Committee may appoint substitute members to the Investment Sub-Committee in accordance with the scheme of substitution. Similarly, substitutes for the representatives of all other employers and of Scheme members may be appointed by eligible employers and Unison respectively.

Appendix 2

The Investment Sub-Committee is supported in the execution of its responsibilities by an institutional investment adviser.

The Investment Sub-Committee meets four times a year.

In addition special meetings of the Investment Sub-Committee are held when required for the discharge of its functions in regard to such matters as the selection and appointment of investment managers.

The Pension Fund Board (Local Pension Board)

The Pension Fund Board is composed as follows:

Representing	No.	Term of Office	Method of Appointment
Scheme Employers	3	4 years or until qualification for membership ceases	At least two representatives to be appointed by Cambridgeshire County Council Full Council. One representative appointed via an open and transparent selection process.
Scheme Members	3	4 years or until qualification for membership ceases	To be appointed via an open and transparent selection process.
Total	6		

Formatted Table

The Pension Fund Board has no decision making powers.

The Chairman/woman and Vice Chairman/woman of the Board shall be elected

There are no substitute members.

The Pension Fund Board meets at least twice per year.

The Pension Fund Board reports its activities at the end of each financial year to full Council.

The Joint Committee

The Joint Committee consists of one elected councillor appointed by each Council. The member so appointed must, at the time of the appointment, be an elected councillor serving as a member of the Committee of a Council which discharges the duties the functions of that Council as pension administering authority.

Each Council may appoint a substitute. Any substitute must meet the eligibility requirements in paragraph 1. The substitute may attend any meeting of the Joint Committee or any of its sub-Committees in place of that authority's principal member

Appendix 2

if notice that the substitute will attend is given to the Secretary of the Joint Committee by the Council concerned.

The Joint Committee meet at least four times each year.

The quorum of a meeting is at least 8 members who are entitled to attend and vote.

Each elected member has one vote.

Appendix 2

Governance Compliance Statement

This section sets out the extent to which Cambridgeshire Pension Fund governance arrangements are compliant with the latest guidance issued by the Secretary of State for Communities and Local Government;

Principle	Not Compliant	Partially Compliant	Fully Compliant
A. Structure			
(a) the Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.			✓
(b) that representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.			✓
(c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels.			✓
(d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.			✓
B. Representation			
(a) that all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include;			✓
(i) employing authorities (including non-scheme employers (e.g. admitted bodies)			✓
(ii) scheme members (including deferred and pensioner scheme members)			✓
(iii) independent professional observers			✓
(iv) expert advisers			✓
(b) that where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.			✓
C. Selection and role of lay members			
(a) that committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee			✓
(b) that at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.			✓

Formatted Table

Appendix 2

D. Voting			
(a) the policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.			✓
E. Training/Facility time/Expenses			
(a) that in relation to they the way in which statutory and related decisions are taken by the Administering Authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.			✓
(b) that where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.			✓
F. Meetings (frequency/quorum)			
(a) that the Administering Authority's main committee or committees meet at least quarterly.			✓
(b) that an Administering Authority's secondary committee of panel meet at least twice a year and is synchronised with the dates when the main committee sits.			✓
(c) that Administering Authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders be represented.			N/A
G. Access			
(a) that subject to any rules in the councils constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.			✓
H. Scope			
(a) that administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.			✓
I. Publicity			
(a) that administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.			✓

Formatted: Font: Times New Roman, Not Bold

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy
Purpose of the Report	To present the Anti-Fraud and Corruption Policy to the Pension Fund Board.
Recommendations	The Pension Fund Board are asked to note the contents of the report.
Enquiries to:	Michelle Oakensen – LGSS Pensions, Governance Officer moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The administering authority is responsible for ensuring appropriate policies are in place for the safeguarding of the Fund's assets through appropriate methods of risk management. It is therefore appropriate for the Fund to have in place an Anti-Fraud and Corruption Policy.

2. Purpose of the Policy

- 2.1 The administering authority promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity, avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 2.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility.
- 2.3 The publication of the Anti-Fraud and Corruption Policy and regularly reinforcing that the administering authority operates a zero tolerance approach will help deter those considering perpetrating fraudulent activity.

3. Detection and prevention of Fraud and Corruption

- 3.1 Cambridgeshire Pension Fund proactively takes steps to prevent fraud and corruption in the following areas:
- Member fraud prevention;
 - Employer fraud prevention; and
 - Administration fraud prevention.

- 3.2 The policy identifies activities to prevent fraud and sets out timescales and responsibility to ensure the Fund is mitigating the risk of fraud and corruption.
- 3.3 All suspected irregularities are investigated by officers in the first instance and will be dealt with in a timely manner. All probable and confirmed cases are required to be reported to Internal Audit by the Head of Pensions.
- 3.4 Any decision to refer a matter to the police will be taken by the Head of Pensions and Audit Manager in consultation with the Council's Section 151 Officer and the Chairman of the Pension Fund Committee.
- 3.5 All cases of fraud will be reported to both the Pension Fund Committee and Local Pension Board. Full details will be provided including the changes that have been made to prevent reoccurrence in the future.

4. Incorporated recommendations from the Local Pension Board

- 4.1 Following recommendations from both the Cambridgeshire and Northamptonshire Local Pension Boards, the Anti-Fraud and Corruption Policy has had the following points addressed:
- Provisions for UK mortality checks will be looked into once overseas provision are in place;
 - More detail has been added to the detection and prevention of fraud and corruption table in section 10 of the policy for clarity on the process if fraud was to be detected;
 - Destruction of evidence has also been included in the table as it was referenced in the objectives but not the body of the policy; and;
 - The word timely has been removed from the policy and replaced with specific timeframes.

5. Incorporated recommendations from Internal Audit

- 5.1 After incorporating the Local Pension Board recommendations, the policy was reviewed by LGSS Internal Audit. The following points have been incorporated into the policy following this review:
- Updated definitions of fraud and corruption – corruption has been extended to include bribery.
 - Removed references to the Audit Commission
 - Reference to the Fraud Act 2006; and
 - Additional further reading links have been added.

6. Next Steps

- 6.1 The Anti-Fraud and Corruption Policy was taken to the Pension Fund Committee meeting of the 19 October 2017 for approval and will be subsequently published on the LGSS Pension Service website.

7. 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. <i>Objective 1</i>
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. <i>Objective 2</i>
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. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

8. Finance & Resources Implications

8.1 There are no finance or resource implications associated with this policy.

9. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There are no risks associated with proactively preventing fraud and corruption unless the policy is insufficient in addressing the means by which potential fraud and corruption may occur and lack of controls in place to deter it.	Active fraud prevention in line with the Fund's risk register.	Green

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

Risk	Risk Rating
If the Fund does not monitor and report fraud cases the Fund is at risk of losing financially, affecting all stakeholders.	Amber

10. Communication Implications

Direct Communications	The Fund will publish the policy on its website
-----------------------	---

11. Legal Implications

11.1 Not applicable

12. Consultation with Key Advisers

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

13. Alternative Options Considered

13.1 Not applicable

14. Background Papers

14.1 Not applicable

15. Appendices

15.1 Appendix 1 – Anti-Fraud and Corruption Policy

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Has this report been cleared by Head of Pensions?	Mark Whitby – 18 September 2017

Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy 2017

Contents

	Page
Introduction	3
Policy Objectives	3
Purpose of the Strategy	3
Effective date	3
Review	4
Scope	4
Culture	4
Statutory duties	5
Deterrence	5
Detection and prevention of fraud and corruption	5
Investigation	9
Sanctions	9
Related documents	10
Contact details	10

1. Introduction

- 1.1 This is the Anti-Fraud and Corruption Policy of Cambridgeshire Pension Fund managed by Cambridgeshire County Council (the Administering Authority).
- 1.2 This policy clearly demonstrates that Cambridgeshire Pension Fund will take all necessary steps to prevent fraud and corruption. Every effort will be made to detect any such attempts and will robustly pursue those responsible and recover losses, referring matters to the Police where appropriate.
- 1.3 Fraud and corruption is defined as: -
- Fraud – ‘The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain.’
 - Bribery and Corruption – ‘A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity’.

2. Policy Objectives

- 2.1 The Fund’s objectives related to this policy are as follows:
- 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;
 - 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;
 - Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate; and
 - Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

3. Purpose of the Policy

- 3.1 The purpose of the policy is to –
- Prevent ongoing losses of funds where fraud has occurred and to maximise the potential for recovery;
 - Minimise the occurrence of fraud by taking rapid action at the earliest opportunity;
 - Minimise the chance of destruction of evidence;
 - Maximise the chances of success in future sanction action, including criminal prosecution
 - Minimise adverse publicity

4. Effective date

- 4.1 This Policy was approved by the Pension Fund Committee on XX and is effective from xx.

5. Review

- 5.1 This Anti-Fraud and Corruption Policy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

6. Scope

- 6.1 This policy applies to -
- members of the Pension Fund Committee;
 - members of the Local Pension Board;
 - employers of the Fund;
 - relevant stakeholders to the Fund;
 - professional organisations that provide services to the Fund (e.g. Custodian, fund managers); and
 - professional advisors.

Officers of the Fund and County Councillors are covered by the LGSS Corporate Anti-Fraud and Corruption Policy.

7. Culture

- 7.1 The administering authority promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 7.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance to the authority.
- 7.3 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- a criminal offence;
 - a failure to comply with a statutory or legal obligation;
 - improper unauthorised use of public or other funds;
 - a miscarriage of justice;
 - maladministration, misconduct or malpractice; and/or
 - deliberate concealment of any of the above.
- 7.4 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions. The administering authority will deal firmly with those who defraud the Council, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.
- 7.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the administering authority will ensure that appropriate improvements are implemented to prevent a reoccurrence.

8. Statutory Duties

- 8.1 The Head of Internal Audit – The Head of Internal Audit has a duty to monitor instances of financial irregularities within the Council as a whole, and to report certain details to external bodies, such as External Audit. The Head of Internal Audit also has a duty to ensure that appropriate investigations are carried out.
- 8.2 Section 151 Officer – Under section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985 the Section 151 Officer has a statutory duty to ensure that there are proper arrangements in place to administer the Council's financial affairs (as the administering authority).
- 8.3 Director of Finance – The Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the role of the Chief Finance Officer/ Director of Finance (CFO) lists one of the CFO's core responsibilities as 'implementing appropriate measures to prevent and detect fraud and corruption'.

9. Deterrence

- 9.1 The publication of this Anti-Fraud and Corruption Policy and regularly reinforcing that the administering authority operates a zero tolerance approach will help deter those considering perpetrating fraudulent activity.
- 9.2 Where any loss is incurred to fraud and corruption the administering authority will take action to recover monies owed.
- 9.3 Managers are expected to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.
- 9.4 Pension Fund Committee and Local Pension Board members receive regular reports on Internal Audit activity and these will include summary details of investigations into allegations of fraud and financial impropriety.
- 9.5 After an investigation, sanctions will be applied where fraud and corruption are proven to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible sanctions – disciplinary, civil and criminal are considered. For elected members this will include the sanctions available for breaches of the Members' Code of Conduct. The level of sanction pursued will be considered at the end of the investigative process when all evidence is available.

10. Detection and prevention of fraud and corruption by the Cambridgeshire Pension Fund.

- 10.1 The below table demonstrates the activity undertaken by Cambridgeshire Pension Fund to mitigate the likelihood of fraud and corruption occurring –

Activity	Detail of activity	Responsibility
Participation in the National Fraud Initiative every two years	The National Fraud Initiative (NFI) exercise matches electronic data within and between public and private sector bodies to prevent and detect fraud.	Pensions Officers are responsible for starting investigations into the members identified within one month of the report being received. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Mortality checks for overseas pensioners every two years*	Pensioners living abroad will be required to visit a Western Union Branch in order to complete a life certificate and will also be required to provide identification.	Pension Officers are responsible for overseeing the process with Western Union and ensuring the appropriate action is taken up with relevant teams upon review of the findings. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Returned payslips	Pensioner payslips are sent the first month an individual receives a pension, and then if their net pay changes by more or less than £5 from one month to the next. Payslips are also issued every March, April and May to reflect pensions increase. Returned payslips could be due to a change of address or death of member.	Investigations to be carried out by Pensions Officers within one month of the returned payslip being received. The member payroll record will be immediately suspended until contact is re-established with the scheme member or confirmation of the member's death. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Returned BACS payments	BACS payments returned to the Fund by the recipient's bank/building society shortly after the payment date if the account has closed or an error has occurred. The returned payment could be due to a change of bank details or death of member.	Investigations to be carried out by Pensions Officers within one month of the returned payment. The member payroll records will be suspended until contact is re-established with the scheme member or confirmation of the member's death. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.

Activity	Detail of activity	Responsibility
Falsification/non submission of documents (Member)	Members may provide incorrect information for financial gain.	All birth, death and marriage/civil partnership certificates need signing and verifying by the individual submitting them. All benefits need to be claimed via a signed declaration. Pensions Officers are responsible to carrying out the necessary security checks before benefits are paid. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Reconciliation of Employer and Employee contributions	It is a statutory requirement for employers to pay both employee and employer contributions to the Fund by the 19 th of the month following deduction. If the contributions are not paid it could indicate improper use of employee contributions in addition to the failure to comply with a statutory obligation.	Investigations by Pensions Officers will be carried out by the end of the month following non receipt of contributions and irregularities between payments and schedules. Relevant cases are escalated in line with the Payment of Employee and Employer Pension Contributions Policy. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Falsification/non submission of documents (Employer)	Employers may provide the service with incorrect data in order to gain financially.	Data verification checks to look for inconsistencies. Data matched against contribution information for the valuation carried out by the actuary. Electronic signatures are only accepted from a verified email address from authorised personnel. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Employee maladministration	Members may provide incorrect information for financial gain.	It is the responsibility of the Pensions Officer releasing the payment generated by another Officer to ensure the payment is of the correct amount and to the correct individual. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.

Activity	Detail of activity	Responsibility
Destruction of evidence	There is a clear separation of duties between employees and all calculations and payments are checked at a more senior level. The pensions Altair system report can identify all changes/deletions on all member records if required.	Officers are responsible for keeping accurate member records. The Altair Pensions System can track changes on all member records and any suspicious activity can be investigated through a system report. The Head of Pensions will be notified of any tampering with records and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Internal Audit Reviews	Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. They liaise with management to recommend changes in procedures to prevent further losses to the Fund.	Internal Audit will conduct an annual review that is then presented to the Pensions Committee and Local Pension Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
External Audit Reviews	Independent external audit is an essential safeguard in the stewardship of public money. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.	External Audit will conduct an annual review that is then presented to the Pensions Committee and Local Pension Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified of any fraud cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Conflicts of Interest	Pension Committee and Local Pension Board members must ensure that they avoid situations where there is a potential for a conflict of interest. Declarations ensure potential conflicts are identified and dealt with appropriately mitigating the risk of fraudulent activity.	Pension Committee and Local Pension Board members are required to declare potential conflicts at the start of each meeting. Democratic Services are responsible for ensuring all declarations are held on the Council's register.

*Once overseas mortality checks are in place for overseas pensioners Officers will look into provisions available for UK pensioners.

- 10.2 The Public Interest Disclosure Act 1998 (the “Act”) places a legal responsibility on employers to ensure that matters of serious public concern can be addressed
- 10.3 A ‘qualifying disclosure’ is any disclosure of information that is made in the public interest and in the reasonable belief of the individual may show that one or more of the following is either happening at the present time, took place in the past or is likely to happen in the future:
- a criminal offence
 - a miscarriage of justice
 - an act creating risk to health and safety
 - an act causing damage to the environment
 - a breach of any other legal obligation; or
 - concealment of any of the above
- 10.4 In making the disclosure, an individual must have a reasonable belief that the information disclosed shows one or more of the offences or breaches listed above. The belief need not be correct, but the individual must show that they held the belief and that it was a reasonable belief, in the circumstances, at the time of the disclosure.
- 10.5 Many fraudulent activities are discovered by chance or ‘tip off’ and the administering authority promotes the Whistleblowing policy to encourage and enable these to be reported.
- 10.6 Members of the public are encouraged to report any concerns which they may have through the external Whistleblowing process or by using the Fund complaints procedure.

11. Investigation

- 11.1 All suspected irregularities are investigated within the Pensions Service in the first instance and will be dealt within 2 months of identification. All probable and confirmed cases are required to be reported to Internal Audit by the Head of Pensions.

This is essential to the policy, to:

- ensure the consistent treatment of information regarding fraud and corruption;
 - facilitate a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the CPIA and PACE codes of practice.
- 11.2 Internal audit carries out investigations and follows up appropriately as per the LGSS Corporate Policy. Fraud is a serious offence and is covered by the Fraud Act 2006.

12. Sanctions

- 12.1 It is highly likely that the administering authority will seek to prosecute offenders wherever appropriate. However, the administering authority also recognises that it may not always be in the public interest to refer cases for criminal proceedings.
- 12.2 Any decision to refer a matter to the police will be taken by the Head of Pensions and Audit Manager in consultation with the Council’s Section 151 Officer and the Chairman of the Pension Fund Committee.

13. Related Documents

- 13.1 The Cambridgeshire County Council Anti-Fraud Policy and Fraud Response Plan can be found –
<http://sharepoint.lgss.local/Pages/Anti-fraud-and-corruption.aspx>
- 13.2 Further details of the National Fraud Initiative can be found –
<https://www.gov.uk/government/collections/national-fraud-initiative>
- 13.3 Fighting Fraud and Corruption Locally can be found –
<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>
- 13.4 CPIA Code of Practice can be found –
<https://www.gov.uk/government/publications/criminal-procedure-and-investigations-act-code-of-practice>
- 13.5 The Fraud Act 2006 can be found –
<http://www.legislation.gov.uk/ukpga/2006/35/contents>

14. Contact details

- 14.1 If you require further details surrounding this policy please contact –

Mark Whitby
Head of Pensions
07990 556197
MWhitby@northamptonshire.gov.uk

Joanne Walton
Governance and Regulations Manager
07342 065329
JWalton@northamptonshire.gov.uk

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	Procurement of Actuarial, Benefits and Governance Consultancy Services
Purpose of the Report	To present to the Board with an update to the procurement of Actuarial, Benefits and Governance Consultancy Services
Recommendations	The Board are asked to note the update for the procurement of Actuarial, Benefits and Governance Consultancy Services.
Enquiries to:	Name – Mark Whitby, Head of Pensions Tel – 07990 556197 E-mail – MWhitby@northamptonshire.gov.uk

1. Background

- 1.1 In June 2015 the Pension Committee was informed that the current rolling Hymans Robertson contract for actuarial and benefit consultancy services would be revisited after the triennial valuation process had concluded.
- 1.2 It was proposed at the time that a joint procurement exercise with the Northamptonshire Pension fund would then be run calling off the refreshed National LGPS Framework for these services.

2. National LGPS Frameworks

- 2.1 The National LGPS Frameworks enable funds to procure services by either directly awarding a contract or undertaking further competition, thus avoiding the time and expense of a full OJEU procurement process. Due to the long-term nature of the services required, procurement of an Actuarial, Benefits and Governance Consultancy Services supplier must be undertaken by further competition.
- 2.2 The National LGPS Frameworks has four lots for Actuarial, Benefits and Governance Consultancy Services:

Lot	Description	Number of Service Providers
1	Actuarial Services	4
2	Benefits Consultancy	4
3	Governance Consultancy	5
4	Consultancy Services to Support Specialist Projects	7

2.3 Lot 4 is for “as and when required” services for specific pieces of work and therefore is not in scope. As such, this procurement proposal is in connection with Lots 1 to 3 above.

2.4 It was agreed at the Pension Committee meeting of the 29 June 2017 that the Fund should undertake further competition using the National LGPS Frameworks for Lots 1 to 3 in collaboration with the Northamptonshire Pension Fund. This will technically be three separate procurement exercises undertaken in tandem and may result in different suppliers for each lot. However, this will deliver the best supplier for each service along with the financial and other benefits that flow from having the same supplier for both the Cambridgeshire and Northamptonshire Pension Funds.

3. Timescale and Actions

3.1 The following provisional timescale is proposed for the procurement of Actuarial, Benefits and Governance Consultancy Services:

Date	Action
8 September 2017	Invitation to Further Competition issued
9 October 2017	Closing date for tender responses
24/26 October 2017	Interviews with potential suppliers
December 2017	Issue Intention to Award
January 2018	Contract award

3.2 The timeline was developed to avoid potential suppliers having to prepare responses over the summer holiday period, therefore maximising the potential for high quality responses.

3.3 The interviews with respondents are intended to enable both clarification/moderation of responses received as well as enabling nominated members of the Committee to be involved in the scoring process, with a proposed maximum of 15% of marks being reserved for specific questions to be answered during the interview.

3.4 The panel assessing the responses will include members of the Pensions Service senior management team and the LGSS Director of Finance. Each Pensions Committee has nominated two Members to join the interview process and therefore participate in the scoring of the specific interview only questions put to potential suppliers.

4. Evaluation Criteria

- 4.1 The National LGPS Frameworks enable funds undertaking further competition to decide the percentage of marks to be allocated to each of the evaluation criteria subject to a minimum and maximum amount allowed by the Framework. The table below sets out the criteria, the minimum and maximum range and the actual % for this exercise:

Evaluation Criteria	Allowed Range	Actual %
Quality Offered	20% to 40%	30%
Service Fit	20% to 40%	40%
Value for Money	20% to 40%	30%

- 4.2 Service fit has been given the highest weighting because this will include sub-criteria relating to such matters as funding approach, reporting, risk management approach and collaborative working across two Funds as well as including the supplier interviews/presentations.

5 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. <i>Objective 1</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund. <i>Objective 6</i>
Ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer. <i>Objective 7</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. <i>Objective 9</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

Provide Scheme members with up to date information about the Scheme in order that they can make informed decisions about their benefits. <i>Objective 14</i>
Ensure cash flows in to and out of the Fund are timely and of the correct amount. <i>Objective 16</i>
Ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment. <i>Objective 17</i>

6. Finance & Resources Implications

- 6.1 This tender exercise is to replace a significant contract for services. All costs will be borne by the Pension Fund.

7. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Further competition does not result in the optimum preferred supplier for each Lot	Careful development of tender documentation and sub-criteria involving procurement professionals Timing of tender process to enable highest quality responses	Amber

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

Risk	Risk Rating
The Fund will be open to challenge from other potential suppliers as it will not have undertaken a procurement exercise at the appropriate time	Red

8. Communication Implications

Direct Communications	To suppliers as required by procurement legislation and outlined in Timescale
------------------------------	---

9. Legal Implications

- 9.1 LGSS Law will review the contract Terms and Conditions in advance of the tender process.

10 Consultation with Key Advisers

- 10.1 LGSS Procurement have been consulted in the drafting of this report.

11. Alternative Options Considered

- 11.1 Not applicable

12. Background Papers

12.1 Not applicable

13. Appendices

13.1 Not applicable

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Yes
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 19 September 2017

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 27 October 2017

Report by: Head of Pensions

Subject:	General Data Protection Regulation
Purpose of the Report	To provide the Local Pension Board with an overview of the General Data Protection Regulation and a plan of action to ensure compliance with the regulation
Recommendations	That the Local Pension Board notes the contents of this report
Enquiries to:	Jo Walton – Governance and Regulations Manager, LGSS Pensions Email: jwalton@northamptonshire.gov.uk

1. Introduction

- 1.1. The General Data Protection Regulation is regulation by which European Parliament, the Council of the European Union and the European Commission intend to strengthen and unify data protection for all individuals within the European Union.
- 1.2. The primary objectives of the General Data Protection Regulation (GDPR) are to give control back to citizens over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.
- 1.3. The regulation was adopted on 27 April 2016 and becomes enforceable from 25 May 2018 after a two year transition period.
- 1.4. The UK government has confirmed that the decision to leave the EU will not affect the commencement of the GDPR.
- 1.5. GDPR applies to both data controllers and data processors. Under the GDPR, data controllers and data processors have broadly the same definitions under the Data Protection Act 1998 as set out below.

Type	Definition	GDPR obligations
Data controller	Specifies how and why personal data is processed.	Must ensure that contracts with processors comply with GDPR.
Data processor	Acts on the processor's behalf.	Required to maintain records of personal data and processing activities.

- 1.6 In terms of the Cambridgeshire Pension Fund and as per the constitution the administering authority is the Data Controller.

2. Personal Data

- 2.1 The GDPR's definition of 'personal data' is more detailed than under the Data Protection Act 1998 (DPA). For example, it makes clear that information such as an IP address can be personal data. The more expansive definition provides for a wide range of personal identifiers to constitute personal data, reflecting changes in technology and the way organisations collect information about individuals.
- 2.2 The GDPR applies to both automated personal data and to manual filing systems where personal data are accessible according to specific criteria. This is wider than the DPA definition and could include chronologically ordered sets of manual records containing personal data.
- 2.3 The GDPR refers to sensitive personal data as 'special categories of personal data'. GDPR defines this as personal data that when processed reveals racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership and of data concerning health or sex life. As such, processing of sensitive personal data is prohibited subject to certain exceptions.

3. GDPR Data Protection Principles

- 3.1 Under the GDPR, the data protection principles set out the main responsibilities for organisations. The principles are similar to those in the DPA but with a new accountability requirement which requires organisations to show how they comply with the principles (for example, documenting the decisions taken about a processing activity).
- 3.2 Article 5 of the GDPR requires that personal information must:
- Be fairly and lawfully processed;
 - Be processed for limited purposes;
 - Be adequate, relevant and not excessive;
 - Be accurate and up to date;
 - Not be kept for longer than necessary;
 - Be processed in line with data subjects' rights
 - Be secure; and
 - Must not be transferred to others without adequate protection.
- 3.3 Article 5(2) requires that the data controller shall be responsible for, and be able to demonstrate, compliance with these principles.

4. Lawful processing

- 4.1 For processing to be lawful under the GDPR, organisations will need to identify and document the lawful basis before processing the personal data. Under the DPA, this is referred to as the "conditions for processing".

4.2 The following are lawful bases for processing personal data and special categories of data:

- Consent of the data subject
- Processing is necessary for the performance of a contract with the data subject or to take steps to enter a contract
- Processing is necessary for compliance with a legal obligation
- Processing is necessary to protect the vital interests of a data subject or another person
- Processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller
- Necessary for the purposes of legitimate interests pursued by the controller or a third party, except where such interests are overridden by the interests, rights or freedoms of the data subject.

5. Consent

5.1 Consent under the GDPR must be a freely given, specific, informed and unambiguous indication of the individual's wishes. There must be some form of clear affirmative action (a positive opt in). Consent cannot be inferred from silence, pre-ticked boxes or inactivity. Consent must be separate from other terms and conditions and organisations will need to provide simple ways for members to provide consent.

5.2 Consent has to be verifiable, and individuals generally have more rights where consent is relied on to process member data.

6. Children's personal data

6.1 The GDPR contains new provisions intended to enhance the protection of children's personal data. As such, privacy notices must be written in a clear, plain way that a child will understand.

7. Individuals' rights

7.1 The GDPR creates some new rights for individuals and strengthens some of the rights that currently exist under the DPA. The GDPR provides the following rights for individuals:

- The right to be informed (see 7.2)
- The right of access (see 7.3)
- The right of rectification (see 7.4)
- The right to erasure (see 7.5)
- The right to restrict processing (see 7.6)
- The right to data portability (see 7.7)
- The right to object (see 7.8)
- Rights in relation to automated decision making and profiling (see 7.9).

7.2 The right to be informed

7.2.1 The right to be informed encompasses an organisation's obligation to provide 'fair processing information' through a privacy notice.

7.2.2 The GDPR provide for the following information to be contained within the privacy notice;

- Identity and contact details of the Data Controller and contact details of the Data Protection Officer;
- The purpose of the processing and lawful basis for processing;
- The legitimate interests of the controller or third party;
- Categories of personal data;
- The recipient or categories of recipient of the personal data;
- Details of transfers to overseas and safeguards;
- Retention period or criteria used to determine the retention period;
- The existence of data subject's rights;
- The right to withdraw consent at any time where relevant;
- The right to lodge a complaint with a supervisory authority;
- The source the personal data originates from and whether it can be found in the public domain;
- Whether the provision of personal data is part of the a statutory or contractual requirement or obligation and possible consequences of failing to provide the personal data; and
- The existence of automated decision making, including profiling and information about how decisions are made, the significance and the consequences.

7.3 The right of access

7.3.1 Under GDPR, individuals will have the right to obtain confirmation that their data is being processed, have access to their personal data and other supplementary information that should also form part of the privacy notice.

7.3.2 Individuals are entitled to access their personal data free of charge and without delay and within no later than one month from the date of request.

7.3.3 If the request is manifestly unfounded or excessive particularly if it is repetitive the GDPR allows for a reasonable fee to be charged based on the administrative costs of providing the information. Alternatively, the request can be denied provided an explanation is given to the individual as to the reason why. They must also be provided with information on their right to complain to the supervisory authority and to a judicial remedy within one month.

7.4 The right to rectification

7.4.1 Individuals are entitled to have their personal data rectified if it is inaccurate or incomplete.

7.4.2 A response to a request for rectification must be issued within one month which can be extended to two months if the request is complex.

7.4.3 Where it is deemed that the request for rectification should be denied an explanation must be given to the individual along with the right to complain to the supervisory authority and to a judicial remedy within one month.

7.5 The right to erasure

- 7.5.1 The right to erasure is also known as the right to be forgotten and enables the individual to request the deletion or removal of personal data whether there is no compelling reason for its continued processing.
- 7.5.2 The right to erasure does not provide an absolute right to be forgotten. Individuals have a right to have personal data erased and to prevent processing in the following specific circumstances:
- Where the personal data is no longer necessary in relation to the purpose for which it was originally collected/processed;
 - When the individual withdraws consent;
 - When the individual objects to the processing and there is no overriding legitimate interest for continuing the processing;
 - The personal data was unlawfully processed; and
 - The personal data has to be erased in order to comply with a legal obligation.
- 7.5.3 A request for erasure can be denied where the personal data is processed for the following reasons:
- To exercise the right of freedom of expression and information;
 - To comply with a legal obligation or for the performance of a public interest, task or exercise of official authority;
 - For public health purposes in the public interest;
 - Archiving purposes in the public interest, scientific and historical research or statistical purposes; and
 - The exercise or defence of legal claims.

7.6 The right to restrict processing

- 7.6.1 Under the DPA, individuals have the right to block or suppress processing of personal data and this is similar under the GDPR.
- 7.6.2 If an individual exercises this right, the data can still be stored, but no further processing is permitted. The GDPR allows for enough information to be retained about the individual to ensure that restriction is respected in future processing.
- 7.6.3 Restriction of processing personal data is permitted in the following circumstances:
- Where an individual contests that accuracy of the data, processing should be restricted until the accuracy of the data has been verified;
 - Where an individual has objected to the processing (where it was necessary for the performance of a public interest task or purpose of legitimate interests) and if it is considered that the organisation's legitimate grounds override those of the individual;
 - When processing is unlawful and the individual opposes erasure and requests restriction instead; and
 - If the personal data is no longer needed but the individual requires the data to establish, exercise or defend a legal claim.

7.7 The right to data portability

- 7.7.1 The right to data portability allows individuals to obtain and reuse their personal data for their own purposes across different services. It allows them to move, copy or transfer personal data easily from one IT environment to another in a safe and secure way, without hindrance to usability.
- 7.7.2 The right to data portability only applies to personal data an individual has provided to a controller, where the processing is based on the individual's consent or for performance of a contract and when processing is carried out by automated means.
- 7.7.3 To comply with such a request the personal data must be provided in a structured, commonly used and machine readable form. Provision of data is free of charge and must be completed within one month or two months if the request is complex.
- 7.7.4 Where it is deemed that the request for data should be denied an explanation must be given to the individual along with the right to complain to the supervisory authority and to a judicial remedy within one month.

7.8 The right to object

- 7.8.1 Individuals have the right to object to:
- Processing based on legitimate interests or the performance of a task in the public interest/exercise of official authority (including profiling);
 - Direct marketing (including profiling); and
 - Processing for purposes of scientific/historical research and statistics.
- 7.8.2 If data is processed for the performance of a legal task or for the organisation's legitimate interests, individuals must have an objection on "grounds relating to his or her particular situation". Data must not be processed unless;
- It can be demonstrated that compelling legitimate grounds for processing exist, which overrides the interests, rights and freedoms of the individual; or
 - The processing of data is for the establishment, exercise or defence of legal claims.
- 7.8.3 Individuals must be informed of their right to object to processing of their personal data at the first communication and in the privacy notice.
- 7.8.4 The right to object must be explicitly brought to the attention of the data subject and be presented clearly and separately from any other information.

8. Rights relating to automated decision making and profiling

- 8.1 The GDPR provides safeguards for individuals against the risk that a potentially damaging decision is made without human intervention.
- 8.2 Individuals have the right not to be subject to a decision when it has been based on automated processing and when it produces a legal effect or a similarly significant effect on the individual.

- 8.3 The right does not apply if the decision is necessary for entering into or performance of a contract, is authorised by law (e.g. for the purposes of fraud or tax evasion prevention) or it is based on explicit consent.
- 8.4 The GDPR defines profiling as any form of automated processing that is intended to evaluate certain personal aspects of an individual, in particular to analyse or predict their performance at work, economic situation, health, personal preferences, reliability, behaviour, location or movements.
- 8.5 When processing personal data for profiling purposes appropriate safeguards must be put in place as follows:
- Processing must be fair and transparent and provide meaningful information about the logic involved, as well as the significance and the envisaged consequences;
 - Use of appropriate mathematical or statistical procedures for profiling;
 - Use of appropriate technical and organisational measures to enable inaccuracies to be corrected and minimise the risk of errors; and
 - Personal data must be secured in such a way that is proportionate to the risk and the interests of the individual and prevents discriminatory effects.

9. Accountability and governance

- 9.1 The GDPR includes provisions that promote accountability and governance and these complement the GDPR's transparency requirements.
- 9.2 Organisations are expected to put into place comprehensive but proportionate governance measures such as privacy impact assessments and privacy by design which are legally required in certain circumstances. These measures should minimise the risk of breaches and uphold the protection of personal data.
- 9.3 The accountability principle requires organisations to demonstrate that they comply with the principles and states explicitly that this is an organisation's responsibility.
- 9.4 To demonstrate compliance organisations must:
- Implement appropriate technical and organisational measures that ensure and demonstrate compliance such as staff training and internal audits of processing activities;
 - Maintain relevant documentation on processing activities;
 - Appoint a data protection officer;
 - Implement measures that meet the principles of data protection by design and data protection by default, for example;
 - Data minimisation;
 - Pseudonymisation;
 - Transparency;
 - Allowing individuals to monitor processing; and
 - Creating and improving security features on an ongoing basis.
 - Use data protection impact assessments where appropriate (see 9.7).

- 9.5 If an organisation has more than 250 employees it is required to maintain additional internal records of all of its processing activities as well as providing a comprehensive, clear and transparent privacy notice.
- 9.6 Internal records of processing activities must include the following information:
- Name and details of the organisation (and of other data controllers and data protection officer);
 - Purposes of the processing;
 - Description of the categories of individuals and categories of personal data;
 - Categories of recipients of personal data;
 - Details of transfers to other countries including documentation of the transfer mechanism safeguards;
 - Retention schedules; and
 - Description of technical and organisational security measures.
- 9.7 Data protection impact assessments (DPIAs) or privacy impact assessments (PIAs) assist organisations in identifying the most effective way to comply with data protection obligations and to meet individuals' expectations of privacy. An effective DPIA will allow an organisation to identify and fix problems at an early stage, reducing costs and damage to reputation which may otherwise occur.
- 9.7 DPIAs are not a legal requirement but the Information Commissioner's Office (ICO) recommend them as good practice.
- 9.8 DPIAs should be carried out when using new technologies and the processing is likely to result in a high risk to the rights and freedoms of individuals.
- 9.9 An effective DPIA will include:
- A description of the processing operations and the purposes including the legitimate interests pursued by the data controller;
 - An assessment of the necessity and proportionality of the processing in relation to the purpose;
 - An assessment of the risks to individuals; and
 - The measures in place to address risk, including security and to demonstrate that you comply.

10. Implementation of the GDPR

- 10.1 Cambridgeshire County Council (CCC) in its role as the administering authority, must demonstrate compliance with the GDPR requirements by 25 May 2018. At the time of writing this report, no information or guidance has been released by CCC's Information Governance Team to assist officers of LGSS Pensions to demonstrate the necessary compliance.
- 10.2 Officers of LGSS Pensions have attended numerous seminars and presentations concerning the GDPR and have also formed a working group with a number of other LGPS funds including West Midlands Pension Fund, Greater Manchester Pension Fund, Local Pensions Partnership, Leicestershire, Derbyshire, Oxfordshire, Staffordshire and Shropshire Pension Funds.

- 10.3 The working group has met three times to discuss the impact of the GDPR and are working together to understand the specific requirements of processing pension scheme data to ensure that funds, in the absence of specific guidance from administering authorities, comply with the regulations.
- 10.4 In addition, officers of LGSS Pensions have raised concerns with the Local Government Pensions Committee (LGPC) that there seems to be different interpretations across the industry as to what level of compliance is actually required and whether funds need to produce their own privacy statements, separately from that of the administering authority. As a result, the LGPC are seeking legal clarification.
- 10.5 In the meantime, officers of LGSS Pensions are proceeding on the basis that they are responsible for the implementation of the GDPR in respect of the Fund's data processing activities. A high level action plan of the work to be undertaken to achieve compliance can be found in appendix one.
- 10.6 Given the Local Pension Board's role of assisting the administering authority in securing compliance with legislation it seems appropriate that it should oversee the implementation of the GDPR. As such, the Local Pension Board will receive an update at each meeting as to the progress made against the plan and other updates.

11. Relevant Pension Fund Objectives

1. 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.
2. 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.
3. 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.
5. Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
10. Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
11. Maintain accurate records and ensure data is protected and used for authorised purposes only.

12. Finance & Resources Implications

- 12.1 The cost of implementing the GDPR will be met via normal operating activities of the administration budget.

13. Risk Implications

- a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
There is no risk associated with preparing for and complying with the requirements of the GDPR.	N/A	Green

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

Risk	Risk Rating
Failure to comply with the GDPR may result in a fine of up to £17m or 4% of global turnover	Red

14. Communication Implications

Website	Privacy notices will be published on the Fund's website
Communications	Scheme members will be contacted at appropriate times as to their rights under the GDPR.
Training	All officers of LGSS Pensions will receive training as to the requirements and provisions of the GDPR.

15. Legal Implications

15.1 Legal advice will be sought where deemed necessary during the implementation of the GDPR.

16. Consultation with Key Advisers

16.1 Consultation will take place as the project progresses.

17. Alternative Options Considered

17.1 Not applicable

18. Background Papers

18.1 Not applicable

19. Appendices

19.1 Appendix one – The GDPR implementation project plan.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Yes – Annual Business Plan 2018-19 (March 2018)

Has this report been cleared by Head of Pensions?	Mark Whitby – 18 August 2017
---	------------------------------

**Cambridgeshire Pension Fund
GDPR Project Plan**

Stage	Start	Finish	Who	Actions Required	Complete
One	16/07/2018 16/07/2018	16/07/2018 16/07/2018	JW JW	<ul style="list-style-type: none"> • Draft project plan • Liaise with CCC Information Governance Teams for technical support 	16/07/2018 16/07/2018
Two	Pending further information from County Council	TBC	•	<ul style="list-style-type: none"> • Identify data needed for each process • Draft policies and review/update existing (including data sharing agreement) • Review all third party contracts for data sharing and liaise with contractors about changes • Identify relevant policies required –publish when approved • Update website and legal statement, including new joiner information • Engage with LGSS Pensions teams 	
Three	Pending further information from County Council	TBC	CB	<ul style="list-style-type: none"> • For each process, identify data held • Identifying additional/surplus data • Identify any missing data • Set retention periods for each piece of data • Update employers on action taken by the Fund • Seek assurances from third party contractors on actions they are taking 	
Four	Ongoing	Ongoing		<ul style="list-style-type: none"> • Destroy unrequired data • Clean data to be retained 	Ongoing
Five	Pending further information from County Council	TBC	CB	<ul style="list-style-type: none"> • Set retention periods for each piece of data • Highlight action areas for employers to adhere to our processes. • Monitor employer adherence 	
Six	Pending further information from County Council	TBC	•	<ul style="list-style-type: none"> • Staff briefing • Obtain assurance of third parties on data management 	

